Marine Corps Small Arms Accountability

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Key to Acronyms:

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
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<tbody>
<tr>
<td>1st CEB Bn</td>
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<td>7th Engineer Support Battalion</td>
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<td>III MEF</td>
<td>3rd Marine Expeditionary Force</td>
</tr>
<tr>
<td>MAG 11</td>
<td>Marine Aircraft Group 11</td>
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<tr>
<td>MARADMIN</td>
<td>Marine Corps Administrative Message</td>
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<tr>
<td>MWSS 271</td>
<td>Marine Wing Support Squadron 271</td>
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<tr>
<td>SOI</td>
<td>School of Infantry-West</td>
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MEMORANDUM FOR COMMANDANT OF THE MARINE CORPS

Subj: MARINE CORPS SMALL ARMS ACCOUNTABILITY (AUDIT REPORT N2012-0002)

Ref: (a) NAVAUDSVC letter N2010-NMC000-0044.000, dated 30 Nov 2009
(b) SECNAV Instruction 7510.7F, “Department of the Navy Internal Audit”

1. The report provides results of the subject audit announced by reference (a). Section A of this report provides our findings and recommendations, summarized management responses, and our comments on the responses. Section B provides the status of the recommendations. The full text of management responses is included in the Appendix.

2. The Commandant of the Marine Corps concurred with the recommendations, and actions planned meet the intent of the recommendations. All recommendations are open pending completion of planned actions, and are subject to monitoring in accordance with reference (b). Management should provide a written status report on the recommendations within 30 days after the target completion dates. Please provide all correspondence to the Assistant Auditor General for Internal Controls, Contracts, and Investigative Support Audits, XXXXXXXXXXXXXXXXXXXXXXXXXXXXX with a copy to the Director, Policy and Oversight, XXXXXXXXXXXXXX. Please submit correspondence in electronic format (Microsoft Word or Adobe Acrobat file), and ensure that it is on letterhead and includes a scanned signature.

3. Any requests for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required by reference (b). This audit report is also subject to followup in accordance with reference (b).

4. We appreciate the cooperation and courtesies extended to our auditors.

XXXXXXXXXXXXXXXX
Assistant Auditor General
Internal Controls, Contracting, and Investigative Support Audits

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# Table of Contents

## EXECUTIVE SUMMARY
- Overview .................................................................................................................. 1
- Reason for Audit ......................................................................................................... 2
- Noteworthy Accomplishments .................................................................................... 2
- Conclusions .................................................................................................................. 3
- Communication with Management ............................................................................ 4
- Federal Managers’ Financial Integrity Act .................................................................. 4
- Corrective Actions ....................................................................................................... 5

## SECTION A: FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS

### Finding 1: Accountability and Controls of Small Arms
- Synopsis ..................................................................................................................... 6
- Discussion of Details
  - Background ............................................................................................................. 6
  - Pertinent Guidance ................................................................................................. 7
- Audit Results ............................................................................................................... 8
- Recommendations and Corrective Actions ................................................................. 21

### Finding 2: Transportation Controls
- Synopsis ..................................................................................................................... 24
- Discussion of Details
  - Background ............................................................................................................. 24
  - Pertinent Guidance ................................................................................................. 26
- Audit Results ............................................................................................................... 27
- Recommendations and Corrective Actions ................................................................. 29

## SECTION B: STATUS OF RECOMMENDATIONS

## EXHIBIT A: BACKGROUND

## EXHIBIT B: SCOPE AND METHODOLOGY

## EXHIBIT C: ACTIVITIES VISITED AND/OR CONTACTED

## EXHIBIT D: DOD INSPECTOR GENERAL REPORT D 2011-060, DATED 22 APRIL 2011

## APPENDIX 1: MANAGEMENT RESPONSE FROM COMMANDANT OF THE MARINE CORPS
Executive Summary

Overview

Marine Corps policy requires strict control, physical protection, and accountability of small arms\(^1\) from acquisition through disposal because of their obvious potential for misuse and danger to public safety. Adequate safeguards must be in place for both the accountability and physical security of small arms. The objective of the Marine Corps’ physical security policy is to safeguard personnel and protect property (including small arms) by preventing, detecting, and confronting loss and unauthorized acts, such as terrorism, sabotage, and theft. The Marine Corps recognizes that this objective for small arms can only be met by all commands exercising complete and effective physical control of small arms.

In addition to the physical security program, the Marine Corps maintains a Serialized Small Arms Accountability Program to ensure accountability, visibility, and safeguarding of all serialized small arms.\(^2\) The intent of this program is to meet Department of Defense (DoD) serialized small arms reporting requirements, provide the means for the timely and accurate tracking of each small arm’s status, augment Department of the Navy (DON) security procedures, and ensure that Marine Corps commands meet Marine Corps property accounting requirements. The objectives are supported through organizational level reporting on all transactions that change the accountability status of reportable small arms, and by collection and management of such data by a central registry (hereafter referred to as the “the Registry”).

DoD small arms transportation security policy is designed to safeguard weapons shipments from loss, theft, or damage, and is applicable DoD wide. The policy requirements include using the proper protective service during transportation, notifying the receiving activity of pending shipments, confirming shipments immediately upon receipt, and reporting all shipping discrepancies via the completion of a Transportation Discrepancy Report.

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\(^1\) Small arms included in the Marine Corps Serialized Small Arms Accountability Program are: handguns; shoulder-fired weapons; light automatic weapons through heavy machine guns (including .50 caliber machine guns); anti-tank missile launchers; mortars (up to and including 81mm); man-portable rocket launchers; grenade launchers; silencers; and individually operated weapons that are portable and/or can be fired without special mounts or firing devices, that have potential use in civil disturbances, and are vulnerable to theft.

\(^2\) A “serialized” weapon is one that has been assigned an identifying serial number. Per Department of Defense (DoD) Instruction 4140.1-R dated 23 May 2003, “DoD Supply Chain Material Management Regulation,” the DoD Small Arms Serialization Program shall track, report, validate, and register the status of each small arm by serial number and physical condition.
We conducted our audit between 17 February 2010 and 12 August 2011, and focused on whether key internal physical security and accountability controls for small arms were in place and functioning as the Marine Corps intended. We reviewed physical security of small arms and observed physical security and accountability practices at eight Marine Corps activities from February 2010 through April 2010. In addition, Headquarters Marine Corps, Installations and Logistics personnel requested that we review Distribution Management Office compliance with Defense Transportation Regulation’s Report of Shipment notification requirements. We performed a limited review of Report of Shipment notification compliance from February 2010 through September 2010 at the Distribution Offices servicing the Marine Corps units we visited. We discussed the small arms physical security, accountability, and transportation processes and the results of our tests with management at all levels in the Small Arms Program.

**Reason for Audit**

The audit objective was to verify that the Marine Corps’ small arms program had adequate controls to ensure that small arms were secured and accounted for.


**Noteworthy Accomplishments**

We commend the Marine Corps personnel at the eight units and two Distribution Management Offices we visited for their responsiveness to the control weaknesses that we identified during our site visits. Where feasible, personnel took immediate action to remedy issues that were readily correctable at the unit level. For issues that could not be immediately remedied (such as outdated policies or sight counts not conducted), unit personnel provided us with their corrective action plans for the noted control weaknesses. We observed notable inventory accountability practices at several of the units visited, including:

- The School of Infantry (West) maintained an impressive Supply Summary Report that showed the status of incoming and outgoing small arms. The unit also utilized an effective method that efficiently identified small arms quantity discrepancies between the field-level system reports and the Registry using a
function in the Marine Corps Equipment Readiness Information Tool that reconciles the data. Several of the other units we visited were not aware of the available function.

- In response to a Field Supply and Maintenance Analysis Office inspection in April 2010, the 2nd Reconnaissance Battalion implemented monthly and quarterly serialized inventory checklists to ensure company personnel were complying with Marine Corps policy in performing the inventories.

## Conclusions

Our inventories of small arms at the eight Marine Corps units, and subsequent serial number reconciliations to the Marine Corps Registry, showed all weapons to be accounted for; however, the Marine Corps needs to improve its accountability and control of small arms. The adequacy of physical security and accountability controls varied at the eight units we reviewed, but all units needed some level of improvement in their physical security and accountability controls to ensure protection of small arms to the maximum levels dictated by Marine Corps policies. We found problems with storage and access controls, key and lock controls, small arms accountability, armory personnel qualifications, documentation retention, and outdated division-level policies. These conditions occurred between February 2010 and March 2011. These control weaknesses were primarily the result of inattention to Marine Corps policies and procedures regarding small arms accountability and control, insufficient training, and a lack of clear guidance. These weaknesses increased the vulnerability to theft, loss, and misuse of small arms.

In addition, Marine Corps shipments of conventional arms requiring use of the Transportation Protective Service did not consistently receive prescribed levels of shipment security controls designed to ensure adequate protection and accountability of the arms. Marine Corps Distribution Management Offices did not consistently ensure that Report of Shipment notifications were sent to receiving activities for weapons shipments and/or did not enter shipments in the Defense Transportation Tracking System as required by the Defense Transportation Regulation. Per the Defense Transportation Regulation, reports of shipment are key controls that provide notification and limited weapons tracking of arms shipments and allow the receiving activities to be prepared for the shipments and on alert for any shipment problems or delays. In addition, when Reports of Shipments were not sent, Distribution Management Offices did not consistently issue required Transportation Discrepancy Reports to shipping activities notifying them of their noncompliance with the Defense Transportation Regulation. As a result, the Marine Corps shippers who were not provided with the Discrepancy Reports

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3 According to the Defense Transportation Regulation, conventional arms include missiles, rockets, and small arms (refer to Footnote 1 for listing of small arms).
continued to be in noncompliance with the Report of Shipment requirement. We noted these conditions occurred between February 2010 and September 2010. These transportation control weaknesses occurred due to Marine Corps management inattention to DoD weapons shipment policy. As a result, receiving activities were often not aware of the weapon shipments and not prepared to detect potential shipping problems, increasing the vulnerability of arms to theft, loss, or misuse.

**Communication with Management**

Throughout the audit, we kept Marine Corps management informed of the conditions noted:

- We briefed the Marine Corps 4th Tank Battalion Inspector-Instructor of the preliminary results of our site visit on 11 March 2011;
- We briefed the School of Infantry (West) Commanding Officer of the preliminary results of our site visit on 18 March 2011;
- We briefed I Marine Expeditionary Force and major subordinate command representatives of the preliminary results of our site visits at 1st Combat Engineer Battalion, 7th Engineer Support Battalion, and Marine Aircraft Group 11 on 19 March 2010;
- We briefed II Marine Expeditionary Force and major subordinate command representatives of the preliminary results of our site visits at 2nd Maintenance Battalion, 2nd Reconnaissance Battalion, and Marine Wing Support Squadron 271 on 19 April 2010; and

**Federal Managers’ Financial Integrity Act**

The Federal Managers’ Financial Integrity Act of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency’s internal and accounting system controls. We identified internal control weaknesses in the Marine Corps physical security and accountability controls, which increased the vulnerability to theft, loss, and misuse of small arms. Recommendations 1 through 3 address issues related to the internal controls over physical security and accountability of small arms. In our opinion, the conditions noted in this report may
warrant reporting in the Auditor General’s annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

**Corrective Actions**

We recommend that the Commandant of the Marine Corps require the Deputy Commandant, Installations and Logistics to take actions to: (1) improve accountability and physical security control of Marine Corps small arms; and (2) enhance transportation controls and oversight, and provide training, to ensure compliance with DoD policy. Refer to Sections A and B of this report for specific recommendations.

The Commandant of the Marine Corps provided management responses and concurred with each of the recommendations. Actions planned by Commandant of the Marine Corps meet the intent of the recommendations, which are considered open pending completion of the planned corrective actions. The full text of management responses is included in the Appendix.
Section A:
Findings, Recommendations, and Corrective Actions

Finding 1: Accountability and Controls of Small Arms

Synopsis

Our inventories of small arms at eight Marine Corps units, and serial number reconciliations to the Marine Corps Registry, showed all weapons to be accounted for. However, we found that the Marine Corps needs to improve its accountability and control of small arms. The adequacy of physical security and accountability controls varied at the eight units that we reviewed, but all units needed some level of improvement in their physical security and accountability controls to ensure that small arms were protected to the maximum levels dictated by Marine Corps policies. We found problems with storage and access controls, key and lock controls, accountability for weapons, armory personnel qualifications, documentation retention, and outdated division-level policies. These control weaknesses were primarily the result of inattention to Marine Corps policies and procedures regarding small arms accountability and control, insufficient training, and a lack of clear guidance. These weaknesses increased the vulnerability to theft, loss, and misuse of small arms.

Discussion of Details

Background

General Requirements

The Marine Corps established specific small arms controls to protect weapons and reduce losses. Physical security controls in place require personnel to properly store weapons, limit and control access to small arms storage areas and keys, properly follow sub-custody procedures, and create local policies in accordance with Department of Defense and Marine Corps policies. Accountability controls require unit personnel to perform and document quarterly and annual reconciliations, perform required monthly weapon inventories, properly account for weapon acquisition and disposition, and retain documentation for specified timeframes.
Marine Corps Small Arms Registry

The Marine Corps Small Arms Registry (hereinafter referred to as the Registry) maintains records by serial number for all small arms within the Marine Corps. When activities report transfers of small arms in a timely and accurate manner, the Registry provides visibility of Marine Corps small arms from the time of receipt until disposal. The Crane Division, Naval Surface Warfare Center (located in Crane, IN) maintains the Registry, which is independent of the Marine Corps small arms field-level systems.

Marine Corps Small Arms Field-Level Systems

The Asset Tracking Logistics and Supply System (hereinafter referred to as the field-level system(s)) is the Marine Corps’ integrated supply, maintenance, and material readiness system for supporting asset management. Each activity is responsible for maintaining its data, including accountability records of small arms’ serial numbers, in the system. The field-level system generates the Consolidated Memorandum Receipt, which is a listing of an activity’s equipment, including small arms.

Pertinent Guidance

Marine Corps Order 5530.14A, “Marine Corps Physical Security Program Manual,” dated 5 June 2009, constitutes the Marine Corps Physical Security Program and prescribes policy, assigns responsibilities, and presents requirements. The Order also provides uniform procedures, standards, supporting details, and outlines requirements to support commanders’ efforts. Specific guidance is referenced within the results section of this report.

Marine Corps Order 8300.1C, “Marine Corps Serialized Control of Small Arms System,” dated 27 March 1984, provides guidance on life-cycle serial number control over all Marine Corps small arms. Specific guidance is referenced within the results section of this report.

Marine Corps Bulletin 4440, “Equipment Accountability: Policy for Control of Serialized Small Arms in Support of U.S. Central Command Overseas Contingency Operations,” dated 18 February 2010, provides policies for the effective management and control of serialized small arms to ensure accurate equipment accountability in both deployed and garrison environments. The bulletin includes new guidance on transferring small arms to activities deployed in support of Overseas Contingency Operations and the reporting of those transfers to the Registry. Specifically, the bulletin requires that transferred small arms are removed from the home station field-level system records and accounted for on the gaining command’s deployed activity account code’s field-level system records (units are not to retain separate home station field-level system records for weapons transferred outside of the command). In addition, commands transferring small arms in support of overseas contingency operations are required to report to the Registry,
transfers of small arms from their existing home stations in to the forward deployed stations. The policy is applicable to units currently deployed to the United States Central Command area of responsibility.

**Marine Corps Users Manual for Fleet Marine Forces Supported Activities Supply System Using Unit Procedures W/CH 1 - 4, UM-4400-124.** dated February 1991, provides user-oriented documentation on functional procedures of Fleet Marine Forces Supported Activities Supply System Using Units, and is instructive to all personnel who must make reference to the supply system’s subsystem. Paragraph 2.5 of the manual requires that the serial numbers, for which the applicable unit is responsible, will be recorded on all copies of the field-level system records.

### Audit Results

The Marine Corps needs to improve accountability and control of small arms. All eight Marine Corps units we visited needed to improve small arms protection controls in at least one area. In general, these control weaknesses were primarily the result of inattention to Marine Corps policies and procedures regarding small arms accountability and control, insufficient training, and a lack of clear guidance. In some instances, the cause was very specific and is discussed in detail in the applicable paragraphs. These weaknesses increased vulnerability to theft, loss, and misuse of small arms.

As discussed under Noteworthy Accomplishments in the Executive Summary, we commend the Marine Corps personnel at the eight units we visited for their responsiveness to the control weaknesses that we identified during our site visits. Where feasible, personnel took immediate action to remedy issues that were readily correctable at the unit level. For issues that could not be immediately remedied (such as outdated policies or sight counts not conducted), unit personnel provided us with their corrective action plans for the noted control weaknesses.

### Physical Security Small Arms Controls

The adequacy of physical security controls varied at the eight units we reviewed, but all units needed some level of improvement in their physical security controls to ensure that small arms were protected to the maximum levels dictated by Marine Corps policies. We found problems with storage and access controls, key and lock controls, documentation retention, armory personnel qualifications, and outdated division-level policies. Table (1) summarizes the results from our review of these controls at the following selected eight units: 1st Combat Engineer Battalion (1st CEB), 7th Engineer Support Battalion (7th ESB), Marine Aircraft Group 11 (MAG 11), 4th Tank Battalion (Bn), School of Infantry West (SOI), 2nd Maintenance Battalion (2nd Maint Bn), Marine Wing Support Squadron 271 (MWSS 271), and 2nd Reconnaissance Battalion (2nd Recon Bn).
Table (1) Small Arms Controls

<table>
<thead>
<tr>
<th>Control</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; CEB</th>
<th>7&lt;sup&gt;th&lt;/sup&gt; ESB</th>
<th>MAG 11</th>
<th>SOI</th>
<th>4&lt;sup&gt;th&lt;/sup&gt; Tank Bn</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Maint Bn</th>
<th>MWSS 271</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Recon Bn</th>
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An X indicates a weakness identified within the unit.

**Storage and Access Controls.** At all eight units, personnel did not always follow proper small arms storage and access procedures. Examples of the noted storage and access control weaknesses are provided below:

- **1<sup>st</sup> CEB** had eight trophy weapons displayed in the office quarters hallway that had not been demilitarized. In total, 14 trophy weapons were on loan to the unit from the National Museum of the Marine Corps. We attempted to review the demilitarization certificates, which, according to Marine Corps Order 5530.14A, paragraph 8022.4, should be kept on-site with the weapon. The demilitarization certificates could not be located, so the unit inspected the weapons and found 8 of the 14 were not demilitarized, and the remaining 6 weapons were properly demilitarized. Once the unit determined the eight weapons were fully functional, they immediately stored them in the armory. This occurred because the unit assumed the weapons had been demilitarized by the National Museum of the Marine Corps. As a result, fully functioning weapons were not secured.

- **During our site visit,** we observed that 2<sup>nd</sup> Recon Bn’s armory custodian left the cage issue point window open, which was part of the access door to the cage.

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4 Department of Defense (DoD) Manual 4160.28, Volume 1, dated 7 June 2011, “Defense Demilitarization: Program Administration,” defines demilitarization as, “[t]he act of eliminating the functional capabilities and/or inherent military design features from DoD personal property. Methods and degree range from removal and destruction of critical features to total destruction by cutting, crushing, shredding, melting, burning, etc. DEMIL [Demilitarization] is required to prevent property from being used for its originally intended purpose and to prevent the release of inherent design information that could be used against the United States.” Enclosure (7), “Captured Property,” paragraph 5 of the manual further states that displayed items require minimum demilitarization to render such items unserviceable in the interest of public safety. Volume 1 of the manual applies to the Military Departments, as well as to other Department of Defense organizations.

5 1<sup>st</sup> CEB personnel provided us with demilitarization certificates for the six weapons that were demilitarized.
Upon returning to the cage, the custodian reached into the window and turned the handle to get back in. The cage is in an armory that is located within the unit’s main building, and the main armory door leading to the building hallway was open. There were no other authorized personnel in the cage, and there was no armory guard at the main door. As a result, unauthorized personnel could have readily accessed the cage and potentially tampered with or stolen small arms. Paragraph 3008.4.a of Marine Corps Order 5530.14A states that it is a security violation to leave an arms, ammunition, and explosives facility unsecured and unattended during normal working hours.

- We found that 4th Tank Bn, 2nd Maint Bn, MWSS 271, and 2nd Recon Bn left weapons unsecured within their armories (weapons were either on the armory floor or in arms racks with no locks). For example, MWSS 271 had a large quantity of M249s (Squad Automatic Weapons) on the armory floor. Marine Corps Order 5530.14A, paragraph 8005.1.i, requires that these weapons be stored in locked arms racks or other approved containers for both security and safety reasons. The same four units did not secure small arms containers weighing less than 500 pounds together into groups that weighed more than 500 pounds, as required by the same criteria. Arms racks or other containers weighing less than 500 pounds should be fastened together in groups totaling over 500 pounds to make removal from the armory difficult.

- 7th ESB did not have a formalized process in place for checking in visitors, and 2nd Maint Bn did not maintain an armory access log for their portable armory, which is used for identifying and documenting all personnel who entered the armory. 2nd Maint Bn only maintained the visitor access log at the main armory for 6 months instead of the required 3 years. In addition, MAG 11 did not maintain the access log for the required 3 years; they were short of the requirement by 3 months. Marine Corps Order 5530.14A, paragraph 8008.2.a. requires that all visitors must be escorted by authorized personnel and their ingress and egress logged. The log is to be maintained for 3 years. This information would be necessary to establish accountability if there was a problem (e.g., missing weapon(s)).

- MWSS 271 did not change its cage door access code (there was a keypad on the door instead of lock) when personnel left the unit as required by Marine Corps Order 5530.14A, paragraph 8010.1.d. Also, during our March 2010 site visit, the Armorer at 4th Tank Bn stated that he had recently left the armory for a short time without setting the alarm since the person responsible for the alarm code was unavailable to turn on the alarm.

- At SOI, there is a fence that surrounds the armory. During our site visit, we noted that there were two armory trucks parked inside the fence perimeter that were high-value and contained high-value sensitive equipment. Unit personnel stated that, while the items contained in the trucks were not small arms, they were highly
pilferable items and must remain secured within the compound fencing. Marine Corps Order 5530.14A, paragraph 8008.1 requires that there be an unobstructed area (clear zone) on both sides of the fence, including 30 feet on the inside of the fence. In addition, paragraph 8008.1 states that parking within a designated clear zone is strictly prohibited for all Government and privately owned vehicles. The trucks were parked next to the fence, which was inside the required clear zone area.

**Key and Lock Controls.** We found that activity personnel did not follow required key and lock controls. Examples of the noted weaknesses are provided below:

- At 2<sup>nd</sup> Maint Bn. and MWSS 271, no Access Control Officer was appointed. Per Marine Corps Order 5530.14A, paragraph 3005.1, the Access Control Officer will be designated in writing by the Commanding Officer and be directly responsible for all security–related key and lock control functions. The Access Control Officer will conduct an annual inventory of all controlled issued keys and will maintain appropriate logs and records. Additionally, 2<sup>nd</sup> Maint Bn. did not have an Access Control Custodian appointed. Per Marine Corps Order 5530.14A, paragraph 3005.2, the Access Control Custodian is responsible for all keys controlled by that functional area; each custodian will inventory keys and log accounts semiannually. Without these key and lock functionaries appointed, no one is held responsible for actively managing lock and key procedures and ensuring accountability of all keys and locks.

- At MAG 11, 4<sup>th</sup> Tank Bn, and 2<sup>nd</sup> Maint Bn. we found Key Control Registries to be incomplete, and at MWSS 271, the registry had not started until the time of our visit. At MAG 11, 4<sup>th</sup> Tank Bn, 2<sup>nd</sup> Maint Bn, and MWSS 271 the Key Control Registries did not have the signature of the person who issued the keys or the name and signature of the person who received the keys when turned back in. Per Marine Corps Order 5530.14A, paragraph 3005.6, the custodian must develop and maintain a key control register identifying vital information including (1) name and signature of the individual receiving keys, (2) date and hour of issuance, (3) serial number or other identifying information of the key, (4) signature of the person issuing the key, (5) date and hour key was returned, and (6) the signature of the individual receiving the key. This information would be needed to establish accountability if a key went missing.

- 1<sup>st</sup> CEB, MAG 11, SOI, 4<sup>th</sup> Tank Bn, 2<sup>nd</sup> Maint Bn, MWSS 271, and 2<sup>nd</sup> Recon Bn did not maintain their key inventory records, and 7<sup>th</sup> ESB, MAG 11, SOI, 4<sup>th</sup> Tank Bn, 2<sup>nd</sup> Maint Bn, and 2<sup>nd</sup> Recon Bn did not maintain their Key Control Registry records for the required 3-year timeframe. This occurred because armory personnel were unaware of the 3-year retention requirement in Marine Corps

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6 Paragraph 3005.6 of Marine Corps Order 5530.14A requires that inventories of keys shall be conducted semiannually, and the inventory records be retained for 3 years.
Order 5530.14A, paragraph 3005.6, and some units had outdated local guidance (discussed later in the report). Without documentation, there is no assurance that the required inventories were performed and that keys were properly monitored, handled, or that any discrepancies were investigated and corrected.

- At 1st CEB and MAG 11, we reviewed their key and lock inventory sheets and discovered that a key was not listed on each inventory sheet. At MAG 11 we noted that the key control inventory list did not include one of the secondary keys to the rack system, and the key control inventory record had only been maintained for 1 month at the time of our visit. At 1st CEB, we found a key to a company cage door was not listed on the inventory sheet. These activities had no assurance that all keys and locks were accounted for at any given time. Marine Corps Order 5530.14A, paragraph 3005.6 requires continuous accountability of keys.

- 7th ESB and MAG 11 kept spare locks and keys in an unlocked cabinet; however, Marine Corps Order 5530.14A, paragraph 3005.6.b, requires spare locks and keys to be secured to prevent unauthorized access to them.

- At 2nd Maint Bn and MWSS 271, we found that armory access keys were not safely transported. At 2nd Maint Bn we found that unarmed armory personnel transported the armory access keys from the Officer-of-the-Day’s office to the armory. MWSS 271 did not abide by the “two-man rule” when transporting the armory keys. These conditions violate Marine Corps Order 5530.14A, paragraph 8010.3.a, which require keys be transported by armed personnel equipped with a communications device from which a response force may be summoned. Furthermore, the two-man rule will apply at all times. Without these controls in place, the safety of the armory personnel and authorized access to the armory is compromised.

**Documentation.** We found that Marine Corps personnel did not follow required documentation controls. Examples of the noted weaknesses are provided below:

- None of the eight units maintained documentation supporting some or all of their required monthly inventories and/or daily sight counts. According to Marine Corps Order 5530.14A, paragraph 8003.4.b.6, inventory records should be maintained for 3 years. Without this documentation, we were unable to determine if the inventories were properly performed and reconciled.

- MAG 11 had two demilitarized small arms displayed as war trophies; however, the unit did not have the demilitarization certificates on-hand for the weapons. Marine Corps Order 5530.14A, paragraph 8022.4, requires that all demilitarization certificates be maintained on-site. Unit personnel inspected the weapons and

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7 Marine Corps Order 5530.14A defines the “two-man rule” as a “requirement for two authorized individuals to be present while performing duties that require one individual to perform a task, and the other individual to assist, provide security, or ensure the integrity of the process.”
determined the weapons could not be fired (the bolts and barrels were welded shut). We informed the unit’s personnel that they must store the weapons in the armory until they get the demilitarization certificates, which they stated they would obtain. As discussed earlier, 1st CEB also had 14 trophy weapons for which they lacked on-hand demilitarization certificates (and some of which had not been demilitarized).

- MAG 11 and 2nd Maint Bn did not maintain a logbook for checking in and out personal weapons and ammunition as required by Marine Corps Order 5530.14A, paragraph 8029.6. As a result, daily inventory site counts did not accurately reflect the correct number of personal weapons and personal ammunition in the armories. Marine Corps Order 5530.14A, paragraph 8029.6, requires that a logbook will be maintained for personal weapons and ammunition stored in the armory, and that all issue and receipt transactions be recorded in a single event format. Logbooks will be opened and closed on an annual basis and be retained for at least 3 years. MAG 11’s local policy requires that, in lieu of a logbook, the unit maintain a file of request to store and checkout personal weapons and ammunition. In our opinion, storing the subject requests in a file does not meet the intent of the Marine Corps Order 5530.14A logbook requirement. The requests may support the log entries, but they are not a substitute for the logbook.

- Marine Corps Order 5530.14A, paragraph 8003.4, requires that, upon armory opening and closing, armory personnel perform a physical sight count of all small arms in the armory and record the results on a daily sight count (inventory) form. Paragraph 8029.5 further requires that the inventory of personal weapons and ammunition maintained in the armory be conducted concurrently with unit-level inventories (including daily sight counts). The sight counts at MAG 11 and 2nd Maint Bn did not accurately reflect personal weapons or ammunition on-hand in the armory as required by Marine Corps Order 5530.14A, paragraph 8029.5. For example, during our 1 March 2010 inventory, we observed that MAG 11 held four personal weapons, but the 1 March 2010 opening sight count form stated that there were nine (numbers were printed on the form used for the sight counts). The unit’s sight count form did not indicate any noted discrepancies as to the correct amount of personal weapons or ammunition. 2nd Maint Bn also had a similar issue.

**Armorer/Custodian Qualifications.** We found that activity personnel did not follow required armory personnel qualification controls. Examples of the noted weaknesses are provided below:

- At all units except MAG 11, armory personnel qualification (hereinafter referred to as “armory qualification”) screenings were not timely or complete for 24 of 42 personnel. For example, one unit had armory qualification screening forms, but did not maintain supporting documentation (e.g. medical checks). Marine
Corps Order 5530.14A, paragraph 8002.1.d.2, requires a designated officer or civilian to annually examine the service record of individuals assigned control of small arms to ensure that the person is stable and mature. The armory qualification screening package should include a completed screening form, which summarizes the overall findings and indicates if the Marine is qualified and thus authorized to perform duties within the armory. Supporting documents should include a medical check, Classified Military Information and Local Records Check, and a signed statement of understanding on the use of deadly force. Without timely, fully completed, and documented screening packages, there is no assurance that all individuals assigned small arms are fully authorized and do not pose a danger to themselves or others.

- At all activities, except 2nd Recon Bn, pistol qualifications were not timely or documented for 14 of 41 personnel. Marine Corps Order 5530.14A, paragraph 8002.4, requires that all personnel who are required to be armed must be trained in the safe and effective use of small arms. Training and qualifications vary by weapon type, and documentation must be maintained by the activity. We primarily examined qualification criteria for pistols, since we observed this type of weapon used most often in the armories. All personnel issued a service pistol are required to be qualified and re-qualified annually. Without timely or documented weapons qualifications, unqualified individuals could be issued a weapon.

**Local Policies.** 1st CEB, 7th ESB, 4th Tank Bn, and 2nd Maint Bn had outdated local standard operating procedures, which did not accurately reflect policies set forth in Marine Corps Order 5530.14A, “Marine Corps Physical Security Program Manual,” dated 5 June 2009. Most discrepancies pertained to documentation retention. For example, 7th ESB’s local policy required the retention of daily sight count inventories and monthly serialized inventories for 1 and 2 years respectively, while Marine Corps Order 5530.14A, paragraphs 8003.4.b and 8003.4.b.6, require the retention of both types of inventory records for 3 years.

**Accountability**

As discussed earlier, our inventories of small arms at the eight Marine Corps units, and serial number reconciliations to the Marine Corps Registry, showed all weapons to be accounted for, but the accountability process needed improvement. We accounted for 14,061 small arms at the 8 activities we visited. We performed record-to-floor testing to verify the existence of 14,025 small arms, as reported in the Registry or units’ field-level systems, across the 8 selected activities. We also performed floor-to-record testing by comparing the items in the activities’ armories to the records utilized for the inventories, and a 100-percent reconciliation of small arms data in the Registry to the field-level systems for each activity.
Although we verified that 14,025 small arms were accurately recorded in the inventory records, as identified in Table (2) below, there was a net difference of 36 small arms between the inventory records. The accounted-for small arms were comprised of 38 additional small arms and 2 record errors. Specifically, during floor-to-record testing, we identified 38 small arms at 6 activities that were on the floor but not recorded on the inventory records. In addition, for 2nd Recon Bn, the inventory records were overstated by two weapons due to an erroneous duplication of serial numbers.

Table (2) Results of Small Arms Inventories

<table>
<thead>
<tr>
<th>Unit</th>
<th>Record Used For Inventory</th>
<th>Small Arms Accounted For During Inventory</th>
<th>Record Total</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st CEB Field-Level</td>
<td>1,169</td>
<td>1,168</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>7th ESB Registry</td>
<td>1,877</td>
<td>1,870</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>MAG 11 Registry</td>
<td>1,739</td>
<td>1,738</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>SOI Registry/Field-Level</td>
<td>3,816</td>
<td>3,812</td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>4th Tank Bn Field-Level</td>
<td>595</td>
<td>595</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>2nd Maint. Bn Registry/Field-Level</td>
<td>1,918</td>
<td>1,902</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>MWSS 271 Field-Level</td>
<td>1,360</td>
<td>1,351</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>2nd Recon Bn Field-Level</td>
<td>1,587</td>
<td>1,589</td>
<td></td>
<td>-2</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>14,061</strong></td>
<td><strong>14,025</strong></td>
<td></td>
<td><strong>36</strong></td>
</tr>
</tbody>
</table>

We also identified six MWSS 271 weapons that were deployed with Explosive Ordnance Disposal personnel in Afghanistan but were still reflected as on-hand in both the unit’s Registry and field-level system records. Marine Corps Bulletin 4440 requires these small arms be removed from the unit’s Registry and field-level system records and accounted for on the gaining command’s deployed activity account code Registry and field-level system records. When we asked unit personnel why the weapons were not transferred to the deployed unit in accordance with Marine Corps bulletin requirements, they responded that they were waiting for an Afghanistan forward-deployed unit receipt for the weapons; however, no Afghanistan unit wanted to take responsibility for the weapons since the weapons were in constant movement among the units. Marine Corps Order 8300.1C, paragraph 8.b.(4)(b), requires that units notify the Registry of transfers upon shipment. Further, the bulletin requires that copies of the DD Form 1348-1A, “Issue Release/Receipt Document,” be immediately forwarded to the Registry upon transfer. When we informed the unit personnel of the Marine Corps policy requirements, the unit notified the Registry of the transfer.

In our reconciliation of Registry records to field-level systems records, we identified 1,533 discrepancies between the Registry and the units’ field-level systems. Table (3)

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8 We used the Crane Registry records except for the M16A2 rifles.
9 We used the Crane Registry records except for the small arms in the portable storage units.
summarizes the results of our reconciliations of the Registry records to the field-level system records by unit.

Table (3) Results of Reconciliation of Registry Records to Field-Level System Records

<table>
<thead>
<tr>
<th>Unit</th>
<th>Field-Level System Data Not in Registry&lt;sup&gt;11&lt;/sup&gt;</th>
<th>Registry Data Not in the Field-Level System</th>
<th>Total Discrepancies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1&lt;sup&gt;st&lt;/sup&gt; CEB</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>7&lt;sup&gt;th&lt;/sup&gt; ESB</td>
<td>129</td>
<td>30</td>
<td>159</td>
</tr>
<tr>
<td>MAG 11</td>
<td>0</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>SOI</td>
<td>0</td>
<td>761</td>
<td>761</td>
</tr>
<tr>
<td>4&lt;sup&gt;th&lt;/sup&gt; Tank Bn</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Maint Bn</td>
<td>0</td>
<td>312</td>
<td>312</td>
</tr>
<tr>
<td>MWSS 271</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>2&lt;sup&gt;nd&lt;/sup&gt; Recon Bn</td>
<td>59</td>
<td>135</td>
<td>194</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>191</strong></td>
<td><strong>1,342</strong></td>
<td><strong>1,533</strong></td>
</tr>
</tbody>
</table>

At 3 of the 8 activities, we identified 191 small arms that were recorded in the field-level systems, but not assigned to the activities in the Registry. Conversely, we identified 1,342 small arms at 7 of the 8 activities that were assigned to the activities in the Registry, but were not recorded in their field-level system. The majority of these discrepancies resulted from small arms transfers that were not reported to the Registry in a timely manner. Another reason for these discrepancies resulted from deployed small arms recorded in the field-level system, but not the Registry, and vice versa.

As discussed above, Marine Corps Bulletin 4440<sup>12</sup> requires that transferred small arms be removed from the unit’s home station field-level system and Registry records, and accounted for on the gaining command’s deployed activity account code field-level

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<sup>10</sup> For the eight activities that we visited, there were a total of 24,490 small arms recorded in the Registry, and 23,339 small arms recorded in the units’ field-level system records. As discussed in Exhibit B, “Scope and Methodology,” we performed a 100-percent reconciliation of small arms data in the Registry to the field-level systems for each activity. However, we only inventoried 100 percent of four units’ small arms. Due to the large amount of weapons at the other four units, we inventoried 100 percent of some weapons categories and judgmentally selected weapons for the remaining categories (refer to Exhibit B for further details regarding sample selection). As a result, the total record amount of 14,025 shown in Table (2) is less than the 24,490 small arms recorded in the Registry.

<sup>11</sup> Field-level system reports include small arms in units’ home and forward-deployed field-level system reports, as applicable.

<sup>12</sup> As discussed in the Pertinent Guidance section of this report, Marine Corps Bulletin 4440 was published on 18 February 2010, which was just prior to the inventories that we performed at the following units: 1<sup>st</sup> CEB (inventory performed 22 and 23 February 2010), 7<sup>th</sup> ESB (inventory performed 23 and 24 February 2010), MAG 11 (inventory performed 1 March 2010), and SOI (inventory performed 2 and 3 March 2010). As a result, these units may have had insufficient time to comply with the Bulletin requirements. The remaining units (2<sup>nd</sup> Maint Bn, MWSS 271, and 2<sup>nd</sup> Recon Bn) would have had sufficient time to comply with the subject requirements since the inventories were performed during the last 2 weeks of April 2010.
system and Registry records. Marine Corps Order 8300.1C, paragraph 8.b.(4)(b), requires that units notify the Registry of transfers upon shipment or transfer. Further, paragraph 8.b.(1) requires that all reports submitted to the Registry be forwarded on an “as occurring/daily basis.” Batch submission of documents, which precludes timely reporting, is not authorized. In our previous Naval Audit Service audit report, N2010-0017, dated 17 March 2010, “Followup on Internal Controls For Marine Corps Small Arms Shipments,” we recommended revisions to Marine Corps Order 8300.1C regarding the lack of clear guidance to units regarding notification requirements to the Small Arms Registry of small arms shipments and receipts. The Commandant of the Marine Corps concurred with our recommendation and made the revisions, which we verified through reviewing the draft Marine Corps Order 8300.1D, dated 13 October 2010, provided by the Marine Corps. The Marine Corps planned to issue Marine Corps Order 8300.1D by April 2011; however, as of 25 July 2011, the revised Marine Corps Order 8300.1D had not yet been published.

The reconciliation results for each unit are further discussed below:

- **1st CEB:** The only discrepancy was one weapon located in the armory and on the Registry, but not recorded on the unit’s field-level system records.

- **7th ESB:** We identified 30 small arms that were on the unit’s Registry as of 16 February 2010, but not in the field-level system records. There were also 129 weapons that were recorded in the unit’s field-level system but not in the Registry. Several of the discrepancies resulted from small arms transfers to and from other units that were not reported to the Registry in a timely manner. For example, the unit transferred 20 small arms to other units: 7 small arms were transferred on 9 September 2009; 6 on 8 November 2009; 5 on 3 December 2009; and 2 on 16 December 2009. In addition, the unit received four weapons on 26 October 2009. The unit recorded the small arms accurately in the field-level system; however, they did not report the transfers to the Registry until 25 February 2010, when we informed them of the discrepancies. The unit also had two weapons listed on both the home and forward-deployed field-level system records, resulting in duplication of the weapons in their local records.

We identified 577 deployed weapons that were on the Registry as of 16 February 2010. Of these, 562 were on the unit’s forward-deployed field-level system records, and 15 were on neither the home or forward-deployed field-level system records. As discussed above, Marine Corps Bulletin 4440 requires that transferred small arms be removed from the unit’s home station field-level system and Registry records, and accounted for on the gaining command’s deployed activity account code’s field-level system and Registry records. Since the policy

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13 The “gaining command” could be a unit within the same activity: when units become deployed, they have to set up another account activity code (M9XXX) for the forward-deployed unit, which basically becomes another unit. Therefore, the weapons are transferred to another account activity code.
was issued 18 February 2010, and we conducted our inventory on 23 and 24 February 2010, the unit did not have adequate time to comply with the requirements for current deployments. Also, we informed unit personnel that the policy is applicable to current deployments since they were under the assumption the policy only applied to future deployments.

In addition, one weapon included in the Registry was not located during our inventory since it had been sent to the Defense Reutilization and Marketing Office for demilitarization on 7 August 2009. It was still recorded in the Registry as of 16 February 2010 (5 months after the shipment). The unit notified the Registry of the transfer on 18 February 2010. Marine Corps Order 8300.1C, paragraph 8b(1), requires that all reports submitted to the Registry be forwarded on an “as occurring/daily basis.” Batch submission of documents, which precludes timely reporting, is not authorized.

- **MAG 11**: Of the total 99 discrepancies, we identified 97 deployed small arms that were on the unit’s Registry as of 25 February 2010, but not in the field-level system records. These weapons were deployed in support of Operation Enduring Freedom during January 2010 and early February 2010. Since we conducted our inventory on 1 March 2010, the unit did not have adequate time to comply with Marine Corps Bulletin 4440 requirements for current deployments. We informed unit personnel that the policy is applicable to current deployments. In addition, two museum weapons were on the Registry, but not in the unit’s field-level system records. These weapons should have been recorded in the field-level system records in accordance with Marine Corps Users Manual 4400-124, paragraph 2.5, which requires that the serial numbers for which the applicable unit is responsible be recorded on all copies of the field-level system records.

- **SOI**: There were 761 weapons included in the Registry dated 25 February 2010, but not recorded in the unit’s field-level system. Of these weapons, 747 small arms were shipped to Marine Corps Logistics Base, Barstow, CA, but the shipment was not reported to the Registry prior to receipt of the weapons by the Barstow base on 19 February 2010. These arms were reflected on the 25 February 2010 Registry as being in use by the unit (vice showing the weapons being in an in-transit status). Marine Corps Order 8300.1C, paragraph 8.b.(4)(b), and Bulletin 4440 require that units notify the Registry of transfers upon shipment or transfer. The unit did not provide us with any documentation (such as a signed cover letter) showing that it had notified the Registry of the shipment. We also identified nine weapons that were on the 25 February 2010 Registry, but had been demilitarized on 17 December 2009. These weapons were not on the unit’s field-level system records.

- **2nd Maint Bn**: The net difference between the Registry and field-level system records was 312 weapons, representing 330 weapons only included in the 12 April 2010 Registry (not included in the field-level system) less 18 weapons
erroneously duplicated in the field-level records (included in the Registry). The 18 weapons were included in both the home and forward-deployed field-level system records, resulting in duplication of the weapons in their local records. Of the 330 weapons on the Registry but not in the field-level system, 135 small arms were transferred in early April 2010 to other units, but not yet processed in the Registry. We sighted 180 weapons that just came back from deployment and were in the portable armory; however, they were not accounted for in the unit’s home and portable armory field-system level records. The weapons were in the Registry records since the unit had not transferred these weapons to the forward deployed unit as required by Marine Corps Bulletin 4440. In addition, the unit updated the Registry for 15 small arms; however, the field-level system had not yet been updated to reflect the weapons.

- **MWSS 271**: We noted four weapons on the Registry, but not recorded in the unit’s field-level system, and three weapons in the field-level system, but not on the Registry. For the three weapons not on the Registry, two of them were ceremonial rifles, and one weapon had been transferred to another unit. The other unit received the weapon on 22 February 2010; MWSS 271 notified the Registry of the transfer; however, MWSS 271 did not update its field-level system until 26 April 2010 (4 months after the transfer) when we notified the unit of this discrepancy.

In addition, we noted that the MWSS 271 transferred seven weapons that were received by another unit on 16 October 2009; however, MWSS 271 did not report the transfer to the Registry until 22 January 2010, which was 97 days after the receipt. As discussed above, Marine Corps Order 8300.1C, paragraph 8b(1), requires that units notify the Registry of small arms transfers on an “as occurring/daily basis.”

- **2nd Recon Bn**: We noted 135 small arms recorded in the Registry but not in the field-level system, and 59 small arms recorded in the field-level system but not in the Registry. The 135 small arms that were in the Registry, but not field-level system, included 121 small arms transferred to other units, 2 small arms sent out for maintenance, and 12 small arms sent to the Defense Reutilization and Marketing Office. The 59 small arms that were on the field-level system reports but not in the Registry included 55 deployed weapons, and 2 weapons that were received by the unit on 16 January 2010 but not reported to the Registry. As discussed above, Marine Corps Bulletin 4440 requires that that deployed small arms be transferred to the gaining command’s deployed activity account code’s field-level system and Registry records. In addition, there were 2 errors (incorrect serial numbers) in the field-level system records.

We also noted that the unit received four small arms on 11 January 2010; however, the unit did not notify the Registry of the receipt until 22 February 2010, which was 42 days after personnel received the weapons. As discussed above,
Marine Corps Order 8300.1C, paragraph 8b(1), requires that units notify the Registry of small arms receipts on an “as occurring/daily basis.”

**Department of Defense, Office of Inspector General’s Audit of III Marine Expeditionary Force Small Arms Accountability**

The Department of Defense, Office of Inspector General performed a similar accountability audit of the Marine Corps III Marine Expeditionary Force small arms during February 2010 through February 2011, in preparation for the Marine Corps relocation from Okinawa, Japan, to Guam. Their objective was to determine the accuracy of the Marine Corps Small Arms Registry data for the III Marine Expeditionary Force. With our audit covering I Marine Expeditionary Force, II Marine Expeditionary Force, Training Command, and Reserves, collectively, we have a comprehensive review of small arms accountability Marine Corps-wide.

The Inspector General’s report “Marine Corps Inventory of Small Arms was Generally Accurate but Improvements are Needed for Related Guidance and Training (D-2011-060),” dated 22 April 2011, noted accountability issues similar to the issues that we have noted during our audit: 1,080 discrepancies between the Registry and the activities’ field-level systems, and 6 small arms on the floor that were not reflected in the Registry. The report stated the identified discrepancies occurred because Marine Corps small arms accountability and security guidance was incomplete and inconsistent, and personnel did not receive adequate training to maintain small arms in compliance with accountability requirements. The Office of the Inspector General recommended the Marine Corps:

- Update Marine Corps Order 8300.1C to include additional guidance for small arms accountability;
- Update small arms accountability guidance in Marine Corps Order 5530.14A; and
- Establish a training program for small arms physical security and accountability.

Marine Corps personnel concurred with the recommendations (see Exhibit D for the detailed Inspector General report’s findings, recommendations, and planned corrective actions).

In addition, as recommended in Naval Audit Service audit report, N2010-0017, and agreed to by the Marine Corps, we believe it is essential that the Marine Corps revise Marine Corps Order 8300.1C to include clear guidance to units addressing notification requirements to the Registry of small arms shipments and receipts.
Recommendations and Corrective Actions

Our recommendations, summarized management responses, and our comments on the responses are presented below. The complete texts of the management responses are in the Appendix.

We recommend that the Commandant of the Marine Corps:

**Recommendation 1.** Require Deputy Commandant, Installations and Logistics to establish and promulgate guidance specifying that units’ Arms, Ammunition, and Explosives Officers are to conduct, at a minimum, quarterly inspections of the units’ compliance (armory security and accountability controls) with Marine Corps policy requirements, and report findings and corrective actions to the units’ commanding officers.

*Marine Corps response to Recommendation 1.* Concur. The revision to Marine Corps Order 5530.14A, “Marine Corps Physical Security Program Manual,” will reflect additional guidance to ensure that physical security surveys require a formal endorsement that details corrective actions to security discrepancies and deficiencies within 30 days. Further guidance will direct Commanders to promulgate policy for unit commanding officers to provide quarterly reports and updates to the Physical Security Council. Estimated completion date is 31 March 2012.

*Naval Audit Service comments on response to Recommendation 1.* Commandant of the Marine Corps’ planned actions meet the intent of the recommendation. We consider this recommendation open pending completion of the agreed-to actions.

**Recommendation 2.** Require Deputy Commandant, Installations and Logistics to take action to ensure that units’ commanding officers are held accountable for repeated noncompliance with Marine Corps small arms physical security and accountability control policies, as identified by the units’ Arms, Ammunition, and Explosives Officers’ quarterly inspections.

*Marine Corps response to Recommendation 2.* Concur. Currently, the Field Supply and Maintenance Analysis Offices require the Commanding Officer to submit a letter of corrective actions taken when noncompliance with Marine Corps small arms physical security and accountability policies is found. Additionally, the revision to Marine Corps Order 5530.14A will reflect additional guidance to ensure that physical security surveys require a formal endorsement that details corrective action to security discrepancies and deficiencies within 30 days. Further guidance will direct Commanders to promulgate policy for unit
commanding officers to provide quarterly reports/updates to the Physical Security Council. Estimated completion date is 31 March 2012.

**Naval Audit Service comments on response to Recommendation 2.** Commandant of the Marine Corps’ planned actions meet the intent of the recommendation. We consider this recommendation open pending completion of the agreed-to actions.

**Recommendation 3.** Require Deputy Commandant, Installations and Logistics to take action to ensure that units maintain demilitarization certificates on-site for museum and trophy small arms that are on display as required by Marine Corps Order 5530.14A. If demilitarization certificates are not on-hand, instruct units to secure the small arms in their armories until they obtain the required demilitarization certificates.

**Marine Corps response to Recommendation 3.** Concur. Draft Marine Corps Orders P4400.150, “Consumer-Level Supply Policy Manual,” and 8300.1, “Marine Corps Serialized Control of Small Arms System,” have been updated to include guidance for obtaining demilitarization certificates when reporting museum and trophy weapons. Additionally, the revision to Marine Corps Order 5530.14A shall direct Commanding Officers to notify the Provost Marshal or Chief of Police of all trophy weapons, their location, and copies of proof of demilitarization. This notification will be required as long as the weapon is maintained aboard the installation. Estimated date for publication of Marine Corps Orders P4400.150 and 8300.1 is 31 December 2011. Estimated date for completion of revision to Marine Corps Order 5530.14A is 31 March 2012. Estimated completion date of full corrective actions in response to this recommendation is 31 March 2012.

**Naval Audit Service comments on response to Recommendation 3.** Commandant of the Marine Corps’ planned actions meet the intent of the recommendation. We consider this recommendation open pending completion of the agreed-to actions.

**Recommendation 4.** Require Deputy Commandant, Installations and Logistics to take action to ensure that units’ local policies reflect the requirements of Marine Corps Order 5530.14A. If local policies are outdated, instruct units to update their policies to reflect the requirements of Marine Corps Order 5530.14A and, until the policies are updated, require units to issue interim guidance on Marine Corps Order 5530.14A requirements not reflected in the outdated policies.

**Marine Corps response to Recommendation 4.** Concur. Field Supply and Maintenance Analysis Offices and the Marine Corps Inspector General’s inspection team currently review unit standard operating procedures. The revision
of Marine Corps Order 5530.14A will reflect additional guidance to ensure that physical security surveys require a formal endorsement that details corrective actions to security discrepancies and deficiencies within 30 days. Further guidance will direct Commanders to promulgate policy for unit commanding officers to provide quarterly reports and updates to the Physical Security Council. Estimated completion date is 31 March 2012.

**Naval Audit Service comments on response to Recommendation 4.** The Marine Corps response did not specifically address our recommendation that the Deputy Commandant, Installations and Logistics to take action to ensure that local policies match the Marine Corps Order 5530.14A requirements, and if local policies are outdated, require local commands to update them, and issue interim guidance on the MCO updates until the local policy is updated.

Headquarters Marine Corps, Installations and Logistics personnel, in subsequent correspondence dated 7 October 2011, stated that Installations and Logistics and the Physical Security Division will release a joint message instructing all commands that maintain, handle, account for, transport, dispose, and distribute Arms, Ammunition, and Explosives to conduct an immediate inspection of all local orders and standard operating procedures and ensure that these documents are updated within 90 days to comply with Marine Corps Order 5530.14A requirements. Estimated date for publishing message is 31 October 2011. Commandant of the Marine Corps’ planned actions, as stated in the 7 October 2011 correspondence, meet the intent of the recommendation. We consider this recommendation open pending completion of the agreed-to actions.
Finding 2: Transportation Controls

**Synopsis**

Marine Corps shipments of conventional arms requiring use of the Transportation Protective Service did not consistently receive prescribed levels of shipment security controls designed to ensure adequate protection and accountability of the arms. Distribution Management Offices did not consistently ensure that Report of Shipment notifications were sent to receiving activities for weapons shipments and/or did not enter shipments in the Defense Transportation Tracking System as required by the Defense Transportation Regulation. Per the Defense Transportation Regulation, Reports of Shipment are key controls that provide notification and limited weapons tracking of arms shipments and allow the receiving activities to be prepared for the shipments and on alert for any shipment problems or delays. In addition, when Reports of Shipments were not sent, Distribution Management Offices did not consistently issue required Transportation Discrepancy Reports to shipping activities, notifying them of their noncompliance. Consequently, some Marine Corps shippers continued to be in noncompliance with the Report of Shipment requirement.

These transportation control weaknesses occurred due to Marine Corps management inattention to DoD weapons shipment policy. As a result, receiving activities were often not aware of the weapon shipments and not prepared to detect potential shipping problems, increasing the vulnerability of arms to theft, loss, or misuse.

**Discussion of Details**

**Background**

During our entrance conference, Headquarters Marine Corps, Installations and Logistics personnel requested that we review Distribution Management Office (hereafter referred to as the Distribution Office) compliance with the Defense Transportation Regulation’s Report of Shipment notification requirements. We performed a limited review of Report of Shipment notification compliance at the Distribution Offices servicing the Marine Corps units we visited (Camp Lejuene, NC and Camp Pendleton, CA). During the course of our review, we also noted other small arms transportation control issues.

Distribution Offices are a source of transportation services and traffic management expertise for U.S. Marine Corps forces and their supporting units. The Distribution Office at each Marine Corps base is responsible for the receipt and shipment of all cargo shipments, including shipments requiring protective services (e.g., weapons shipments). Marine Corps Distribution Offices are run either by the Marine Corps base operations or...
by the Defense Logistics Agency’s Defense Distribution Depots. The Defense Logistics Agency has a support agreement with the Marine Corps, and is reimbursed for the transportation management services provided.

DoD small arms transportation security policy and procedures are designed to reduce the risk of loss, theft, or damage to weapons shipments while in transit. The policy requirements include using the proper protective service during transportation, notifying the receiving activity of pending shipments, confirming shipments immediately upon receipt, and reporting all shipping discrepancies via the completion of a Transportation Discrepancy Report (hereafter referred to as a discrepancy report).

During transportation, Security Risk Category I-IV arms and Controlled Inventory Item Code 7 arms require satellite motor surveillance service (see Table (4) for a weapons description by category). Satellite motor surveillance is accomplished through the Defense Transportation Tracking System (hereafter referred to as the tracking system), a Command and Control system managed by the Military Surface Deployment and Distribution Command. This tracking system allows for effective tracking and response by using satellite technology and 24-hour operations. For example, the system provides instant communication to help drivers and emergency responders in unexpected situations. If shipments are stopped due to highway accidents, inclement weather, or other events, the status of the delay would be noted in real time, along with other relevant data for the cargo.

### Table (4) Arms Security Risk Categories (I-IV, and Code 7)

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Weapons Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAT I</td>
<td>Missiles and Rockets (not applicable to small arms)</td>
</tr>
<tr>
<td>CAT II</td>
<td>Light Automatic Weapons up to and including .50 caliber</td>
</tr>
<tr>
<td>CAT III</td>
<td>Grenade Launchers, Flame Throwers, Mortar Tubes, etc.</td>
</tr>
<tr>
<td>CAT IV</td>
<td>Non-automatic Shoulder-fired Weapons and Handguns</td>
</tr>
<tr>
<td>Code 7</td>
<td>Demilitarized – Retrograde Arms, Tanks, Howitzers</td>
</tr>
</tbody>
</table>

Bills of Lading for small arms shipments are created in the Marine Corps Cargo Movement Operations System, a combat support system that automates installation cargo movement, or the Distribution Standard System used by the Defense Logistics Agency’s Defense Distribution Depots. Both of these systems pass the shipping information to the tracking system, which will generate a Report of Shipment and send it to the destination activity. In order to generate the Report of Shipment and for information to flow to the tracking system in a timely manner, the carrier must enable the tracking system; the Bill of Lading must be released by the shipper as soon as the cargo is turned over to the carrier and verified in the tracking system; and then the carrier must enter the proper in-transit movement status code into the tracking system when departing.
Pertinent Guidance

The Defense Transportation Regulation, DoD 4500.9-R-Part II “Cargo Movement,” Chapter 205, “Movement of Conventional Arms, Ammunition, and Explosives, Classified (Secret and Confidential), Sensitive and Controlled Cryptographic Items and Material under a Transportation Protective Service,” dated 7 April 2010, establishes procedures and responsibilities for worldwide shipments requiring Transportation Protective Service.

- Paragraph L.1 requires that a Report of Shipment be submitted to the final destination immediately upon shipment departure for all Transportation Protective Service shipments within the continental U.S., exported from the U.S., and shipments from outside the U.S. Within the U.S., shippers must use the tracking system Web site to transmit a Report of Shipment for all shipments that require Satellite Motor Surveillance Service.

- Paragraph L.2 requires that for all continental U.S. shipments requiring Satellite Motor Surveillance Service, Marine Corps and Defense Logistics Agency activities must verify that shipment information is resident in the Tracking System and that a Report of Shipment was transmitted by accessing the tracking system’s Bill of Lading screen 20 minutes after releasing the shipment from their shipping system.

- Paragraph C.2.d.(8) requires that all continental U.S. receiving activities confirm delivery of Security Risk Category I and II shipments on the tracking system Web site within 2 hours of shipment delivery.

- Paragraph C.2.b.(3) requires shippers to verify that the tracking system is enabled before loading and departure.

- Paragraph C.2.c.(11) requires that Arms, Ammunitions, and Explosives shipment data moving under Satellite Motor Surveillance be entered into the tracking system before the carrier is released.

The Defense Transportation Regulation, DoD 4500.9-R-Part II “Cargo Movement,” Chapter 210, “Transportation Discrepancy Report (TDR),” dated 7 April 2010, Paragraph H.1.h requires that a Report of Shipment message not received within 24 hours prior to receipt of shipment will be reported under the discrepancy report process. Also, Paragraph H.2 indicates that the discrepancy report must be submitted within 7 calendar days after the discrepancy was noted.
Audit Results

Marine Corps shipments of conventional weapons often did not receive prescribed levels of shipment controls designed to detect or stop shipment problems. We assessed select transportation controls over 118 judgmentally selected\(^{14}\) small arms shipments made to or from Distribution Offices at Camp Pendleton, CA and Camp Lejeune, NC from March 2010 through September 2010. Our review determined that there were transportation control weaknesses in some areas of the shipment process that could cause delays in detecting shipping problems as early as possible and increases vulnerability to theft, loss, and misuse of small arms.

**Reporting of Weapons Shipments to Receiving Activities.** The Marine Corps Distribution Offices (including the Defense Logistics Agency-run Distribution Offices under support agreements with Marine Corps Logistics Command), as the shipping activities, issued Reports of Shipment to receiving Distribution Offices, notifying them that a weapons shipment was enroute for 76 of the 118 shipments reviewed, but did not issue Reports of Shipment Distribution for 42 of the 118 shipments (36 percent). The Defense Transportation Regulation requires the shipper to notify the receiver immediately upon shipment departure that the weapons are enroute. As discussed above, this notification is generally accomplished by correctly entering shipping data into the tracking system. Without this notification, a receiving activity may not be adequately prepared for the weapons shipment and/or shipping problems may not be detected in a timely manner.

We were unable to determine why the 42 Reports of Shipment were not sent. However, through discussions with Distribution Office and Tracking System personnel and a review of pertinent documentation, we were able to determine at least 11 shipments were not resident in the tracking system and therefore a Report of Shipment was not initiated. The Defense Transportation Regulation requires Arms, Ammunitions and Explosives shipments data moving under Satellite Motor Surveillance to be entered into the tracking system before the Transportation Service Provider or carrier is released. Also, in at least two instances, the tracking system was not turned on by the carrier, which caused the system not to create or forward a Report of Shipment. In addition, in some instances, Reports of Shipment were most likely initiated through the tracking system but the timing of entering the shipment data into the system interrupted the sending of the Report of Shipment. For example:

- Twenty-four of the 42 weapons shipments were shipped from the Defense Distribution Depot Albany, GA. Personnel at the Georgia depot stated that they used the tracking system to transmit Reports of Shipment; however, receiving Distribution Offices said they never received the reports. Research shows the

\(^{14}\) Sample selection criteria and universe details are discussed in Exhibit B, “Scope and Methodology.”
tracking system will not issue a Report of Shipment if the shipment information is not resident in the system when the carrier goes into a depart status. In our judgment, for some of these shipments, it is likely that shipment information was entered into the system after the carrier departed.

The Defense Transportation Regulation provides controls that would have prevented these problems. Specifically, paragraph C.2.b.(3) requires that the shipper verify that the tracking system in the truck is enabled prior to loading, and paragraph C.2.c.(11) requires that shipment data moving under Satellite Motor Surveillance be entered into the system before the carrier is released. As a secondary control, activities are also required to verify that shipment information is resident in the system and that a Report of Shipment is transmitted by accessing the system’s Bill of Lading screen 20 minutes after releasing the shipment. While only one Distribution Office acknowledged that they did not verify that shipments were in the tracking system, as required, it is clear that if Distribution Offices had verified the shipments, they would have been aware the shipments were not in the system and taken corrective action.

In our opinion, some Distribution Office personnel may not be aware of all the technical aspects of how the tracking system generates a Report of Shipment. If one procedure step is delayed (e.g., shipment not resident in the system before the carrier departs) or omitted, it disrupts the entire process, resulting in no Reports of Shipment being generated and/or sent.

**Weapons Shipments’ Transportation Control Numbers.** At Camp Pendleton, we identified four shipments that were resident in the tracking system but did not list all shipping Transportation Control Numbers 15 identified in the Bills of Lading. Although the Defense Transportation Regulation does not clearly state that all Transportation Control Numbers must be entered into the tracking system, our discussions with the Transportation Systems Analyst at Headquarters Marine Corps determined that all Transportation Control Numbers listed in the shipment Bill of Lading should also be included in the shipment data entered in the tracking system. This information would be essential for interfacing with local fire, police, and hazardous materials departments to ensure they recognize the special nature and hazards of the material being shipped, especially if transport involves an accident or attack.

**Transportation Discrepancy Reports.** Discrepancy reports were issued for 14 of the 42 shipments sent without Reports of Shipment, but Distribution Offices did not issue discrepancy reports for 28 shipments. 16 The Defense Transportation Regulation requires receiving activities report non-receipt of a Report of Shipment through a discrepancy

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15 Transportation Control Numbers are 17-character data elements assigned to control and manage every shipment unit throughout the transportation pipeline. Bills of Lading can list multiple Transportation Control Numbers.

16 The 14 discrepancy reports that were issued occurred after May 2010 when the Naval Audit Service informed Distribution Management Office personnel that discrepancy reports should be prepared for weapons shipments without Reports of Shipment.
report process within 7 calendar days after the discrepancy was noted. This occurred because some Distribution Office personnel were unaware of the requirement. Insufficient reporting of this discrepancy could result in lack of implementation of corrective actions by shipping activities.

**Confirmation of Weapons Shipments in Defense Transportation Tracking System.** One Distribution Office did not always confirm delivery of Security Risk Category II weapons shipments in the tracking system within 2 hours of shipment as required. The Defense Transportation Regulation requires that all continental U. S. receiving activities are required to confirm delivery of Security Risk Code I and II shipments on the tracking system Web site within 2 hours of shipment delivery. The carrier notifies the tracking system using in-transit status codes when the carrier arrives at the destination and offloads the shipment. Once the carrier notifies the tracking system that the shipment has been delivered, the carrier disables the system and the truck is no longer tracked by the system. Although the carrier notifies the system of the delivery, the receiving activity is also responsible for confirming the delivery in the tracking system. This confirmation effectively documents the transfer of accountability to the receiving activity. At Camp Pendleton Distribution Office, we identified four Category II shipments that were not confirmed until several days after the receipt of the shipment. This occurred because the Receiving clerk who normally confirms shipments in the tracking system was not available, and no one else at the Distribution Office was aware that the shipments were in the system awaiting confirmation until we requested tracking system documents for these shipments. Table (5) below lists the receipt dates, confirmation dates, and the number of days it took to confirm in the tracking system for each of the shipments.

**Table (5) Category II Shipments Receipt and Confirmed Dates**

<table>
<thead>
<tr>
<th>Shipment</th>
<th>Receipt Date</th>
<th>Date Confirmed in Tracking System</th>
<th>Number of Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipment 1</td>
<td>7/7/2010</td>
<td>8/20/2010</td>
<td>44</td>
</tr>
<tr>
<td>Shipment 2</td>
<td>7/21/2010</td>
<td>8/20/2010</td>
<td>30</td>
</tr>
<tr>
<td>Shipment 3</td>
<td>8/6/2010</td>
<td>8/20/2010</td>
<td>14</td>
</tr>
<tr>
<td>Shipment 4</td>
<td>8/17/2010</td>
<td>8/20/2010</td>
<td>3</td>
</tr>
</tbody>
</table>

**Recommendations and Corrective Actions**

Our recommendations, summarized management responses, and our comments on the responses are presented below. The complete texts of the management responses are in the Appendix.

We recommend that the Commandant of the Marine Corps:

**Recommendation 5.** Enhance controls and oversight, and provide training, to ensure that Marine Corps Distribution Management Offices (including Defense Logistics
Agency-run Distribution Management Offices under support agreements with Marine Corps Logistics Command) are complying with Defense Transportation Regulation requirements for sending Reports of Shipment, entering and confirming shipments in the Defense Transportation Tracking System, and submitting Transportation Discrepancy Reports when shipping units have not complied with requirements.

**Marine Corps response to Recommendation 5.** Concur. Headquarters Marine Corps will release guidance to all Marine Corps Distribution Management Offices reiterating the Defense Transportation Regulation requirements for releasing a Report of Shipment for shipments entering the Defense Transportation Tracking System, verifying that shipment information is resident and transmitted in the transportation tracking system, and submitting Transportation Discrepancy Reports when Reports of Shipments are not issued.

Additionally, Report of Shipment and Transportation Discrepancy Report requirements will be discussed during the annual Marine Corps Distribution Management Officers training conference to be held in March 2012. Estimated completion date is 31 March 2012.

**Naval Audit Service comments on response to Recommendation 5.** The Marine Corps response indicated that the guidance would be released by official Naval message by 30 September 2011; however, per a subsequent discussion with a Headquarters Marine Corps, Logistics Distribution Policy Branch representative on 6 October 2011, the release date has been revised to 30 November 2011. Commandant of the Marine Corps’ planned actions meet the intent of the recommendation. We consider this recommendation open pending completion of the agreed-to actions.

**Recommendation 6.** Establish controls and provide oversight to ensure that the Marine Corps Logistics Command holds Defense Logistics Agency-run Distribution Management Offices on Marine Corps bases accountable under the support agreement for noncompliance with Defense Transportation Regulation requirements.

**Marine Corps response to Recommendation 6.** Concur. Headquarters Marine Corps and Marine Corps Logistics Command will work with Headquarters Defense Logistics Agency, their Defense Distribution Center (New Cumberland, PA), and the Distribution Management Office, Albany, GA, during September 2011 to discuss the support agreement and courses of action to ensure the necessary controls are in place to comply with Defense Transportation Regulation requirements. Estimated completion date is 31 October 2011.

**Naval Audit Service comments on response to Recommendation 6.** Commandant of the Marine Corps’ planned actions meet the intent of the
recommendation. We consider this recommendation open pending completion of the agreed-to actions.

**Recommendation 7.** Promulgate clarification guidance to Marine Corps Distribution Management Office personnel that all Transportation Control Numbers must be entered into the Defense Transportation Tracking System, along with other sensitive shipment information, when manual entry is required.

**Marine Corps response to Recommendation 7.** Concur. Headquarters Marine Corps will release guidance to all Marine Corps Distribution Management Offices reiterating the Defense Transportation Regulation/Defense Transportation Tracking System requirements to enter all Transportation Control Numbers on Commercial Bills of Lading into the transportation tracking system when making a manual entry.

**Naval Audit Service comments on response to Recommendation 7.** The Marine Corps response indicated that the guidance would be released by official Naval message by 30 September 2011; however, per a subsequent discussion with a Headquarters Marine Corps, Logistics Distribution Policy Branch representative on 6 October 2011, the release date has been revised to 30 November 2011. Commandant of the Marine Corps’ planned actions meet the intent of the recommendation. We consider this recommendation open pending completion of the agreed-to actions.
### Section B:

#### Status of Recommendations

<table>
<thead>
<tr>
<th>Finding No.</th>
<th>Rec. No.</th>
<th>Page No.</th>
<th>Subject</th>
<th>Status</th>
<th>Action Command</th>
<th>Target or Actual Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>21</td>
<td>Require Deputy Commandant, Installations and Logistics to establish and promulgate guidance specifying that units’ Arms, Ammunition, and Explosives Officers are to conduct, at a minimum, quarterly inspections of the units’ compliance (armory security and accountability controls) with Marine Corps policy requirements, and report findings and corrective actions to the units’ commanding officers.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>3/31/2012</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>21</td>
<td>Require Deputy Commandant, Installations and Logistics to take action to ensure that units' commanding officers are held accountable for repeated noncompliance with Marine Corps small arms physical security and accountability control policies, as identified by the units’ Arms, Ammunition, and Explosives Officers’ quarterly inspections.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>3/31/2012</td>
</tr>
</tbody>
</table>

**Notes:**

17 / + = Indicates repeat finding.

18 / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.

19 If applicable.
<table>
<thead>
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<th>Finding No.</th>
<th>Rec. No.</th>
<th>Page No.</th>
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<th>Status</th>
<th>Action Command</th>
<th>Target or Actual Completion Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>22</td>
<td>Require Deputy Commandant, Installations and Logistics to take action to ensure that units maintain demilitarization certificates on-site for museum and trophy small arms that are on display as required by Marine Corps Order 5530.14A. If demilitarization certificates are not on-hand, instruct units to secure the small arms in their armories until they obtain the required demilitarization certificates.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>3/31/2012</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
<td>22</td>
<td>Require Deputy Commandant, Installations and Logistics to take action to ensure that units' local policies reflect the requirements of Marine Corps Order 5530.14A. If local policies are outdated, instruct units to update their policies to reflect the requirements of Marine Corps Order 5530.14A and, until the policies are updated, require units to issue interim guidance on Marine Corps Order 5530.14A requirements not reflected in the outdated policies.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>3/31/2012</td>
</tr>
<tr>
<td>2</td>
<td>5</td>
<td>29</td>
<td>Enhance controls and oversight, and provide training, to ensure that Marine Corps Distribution Management Offices (including Defense Logistics Agency-run Distribution Management Offices under support agreements with Marine Corps Logistics Command) are complying with Defense Transportation Regulation requirements for sending Reports of Shipment, entering and confirming shipments in the Defense Transportation Tracking System, and submitting Transportation Discrepancy Reports when shipping units have not complied with requirements.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>3/31/2012</td>
</tr>
<tr>
<td>Finding No.</td>
<td>Rec. No.</td>
<td>Page No.</td>
<td>Subject</td>
<td>Status</td>
<td>Action Command</td>
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</tr>
<tr>
<td>2</td>
<td>6</td>
<td>30</td>
<td>Establish controls and provide oversight to ensure that the Marine Corps Logistics Command holds Defense Logistics Agency-run Distribution Management Offices on Marine Corps bases accountable under the support agreement for noncompliance with Defense Transportation Regulation requirements.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>10/31/2011</td>
</tr>
<tr>
<td>2</td>
<td>7</td>
<td>31</td>
<td>Promulgate clarification guidance to Marine Corps Distribution Management Office personnel that all Transportation Control Numbers must be entered into the Defense Transportation Tracking System, along with other sensitive shipment information, when manual entry is required.</td>
<td>O</td>
<td>Commandant of the Marine Corps</td>
<td>11/30/2011</td>
</tr>
</tbody>
</table>
Exhibit A:

Background

There are about 429 Marine Corps units/activities with small arms inventories that total approximately 602,179 weapons. Department of Defense and Marine Corps policy require strict accountability, control, and protection of small arms because of their obvious potential for misuse, capability to cause death and injury, and importance to national security. The overarching objective of the Marine Corps’ physical security policy for conventional arms, ammunition, and explosives is preventing terrorists or other criminals from acquiring small arms and weapons through the theft or loss of Marine Corps stocks. Marine Corps policy recognizes that this objective can only be met by exercising complete and effective control of small arms from acquisition through disposal. Adequate safeguards must be taken for both the accountability and physical security of small arms. It is required that all small arms be tracked, reported, validated, and registered by serial number.

Sensitive and classified items (including small arms) require transportation protective service because of their portability, potential use in criminal or terrorist acts, capability for inflicting severe causalities, and unavailability in commercial markets. The protective service guidelines are set forth in the Defense Transportation Regulation, Part II, Chapter 205. These guidelines are the minimum requirements for the movement of sensitive items, and accomplish the following: prescribe the procedures for ensuring adequate protection of material requiring protective service and for minimizing freight loss and damage caused by negligence, or unauthorized, illegal acts; establish procedures to maintain shipment accountability; and provide a means for corrective and compliance action.

Control over Marine Corps small arms is a shared responsibility:

- Headquarters Marine Corps, Deputy Commandant, Installations and Logistics (Logistics Plans, Policies, and Strategic Mobility Division) provides small arms program oversight and policy.
- Headquarters Marine Corps, Deputy Commandant, Plans, Policies, and Operations is responsible for the Marine Corps Physical Security Program and coordinates with the Deputy Commandant, Installations and Logistics and Commander, Marine Corps Systems Command for physical security of arms, ammunition, and explosives.
- Marine Corps Logistics Command, Supply Management Center is the designated Executive Agent for the Marine Corps Serialized Small Arms Accountability Program, provides program direction and guidance, resolves issues between the
Marine Corps Registry and Marine Corps organization, and funds the Marine Corps Registry.

- Naval Surface Warfare Center, Crane Division, Crane, IN, is responsible for maintaining the Marine Corps Small Arms Registry, which provides life-cycle serial number control of all Marine Corps-owned small arms and weapons.

- Marine Corps Distribution Management Offices at each base are responsible for the receipt and shipment of all cargo shipments, including transportation protective shipments.

- Marine Corps units (users) are responsible for the physical security and accountability of small arms (including parts) assigned to them at all times.
Exhibit B:
Scope and Methodology

We performed this audit of Marine Corps small arms between 17 February 2010 and 12 August 2011. We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To meet the audit’s objectives, we focused on the key control areas related to accountability and physical security. To test the internal controls, we reviewed current records and transactions that generally occurred within a 3-year period prior to our arrival. We evaluated internal controls and reviewed compliance with pertinent regulations, directives, guidelines, policies, procedures, and instructions as they related to the scope of this audit.

In order to obtain a current snapshot of accountability, we conducted physical inventories, by serial number, of small arms at the eight Marine Corps activities that we visited. We selected the eight activities because they were a broad representation of the Marine Corps I Marine Expeditionary Force, II Marine Expeditionary Force, Marine Forces Reserve Command, and Marine Corps Training and Education Command. For a list of activities visited and contacted, see Exhibit C. We also performed floor-to-record testing by comparing the items in the activity’s armory to the records used for the inventory and a 100-percent reconciliation of small arms data in the Marine Corps Small Arms Registry (Registry) to the field-level systems for each activity.

We performed record-to-floor testing to verify the existence of 14,025 small arms, as reported in the Registry or units’ field-level systems, across the 8 selected activities. We inventoried 100 percent of four units’ small arms (1st Combat Engineer Battalion, 7th Engineer Support Battalion, Marine Wing Support Squadron 271, and 2nd Reconnaissance Battalion). Due to the large amount of weapons at the other four units, we inventoried 100 percent of some weapons categories and judgmentally selected weapons for the remaining categories. For Marine Aircraft Group 11, we inventoried 100 percent all weapons categories except M16A2s, for which we judgmentally selected every fifth weapon from the Registry records. For the 2nd Maintenance Battalion, we inventoried 100 percent of all weapons categories except M16A4s, for which we judgmentally selected every third weapon from the Registry records. For the School of Infantry-West, we inventoried 100 percent of 23 of the unit’s 61 weapon categories (categories were judgmentally selected). In addition, we performed a limited inventory
of their M16A4s by judgmentally selecting every tenth weapon from the Registry records. The 4th Tank Battalion has eight armories located throughout the United States, and we inventoried 100 percent of the small arms at the San Diego and Camp Pendleton locations.

For the inventories, we verified the existence of the small arms by either observing each weapon or reviewing documentation justifying why the weapon was not in the armory. In performing the inventories, we used either the Registry records or units’ field-level system data (as identified in the Consolidated Memorandum Receipt reports) depending on how the unit organized their weapons. If the unit organized their weapons by company, we used the field-level system data; however, if the small arms were organized by serial number, we used the Registry records.

At the eight activities we visited, we observed physical security practices related to storage, access, key, and lock controls, and we reviewed physical security-related documentation for a 3-year period. We also reviewed weapons qualification training records, as well as local policies maintained by the activities. In addition, we compared on-hand small arms to allowance lists, and reviewed allowance change requests. We discussed physical security and accountability controls with all levels of personnel involved in small arms management and control.

In addition, as requested by Headquarters Marine Corps, Installations and Logistics personnel, we performed a limited review of Distribution Management Office (hereafter referred to as the Distribution Office) compliance with the Defense Transportation Regulation’s Report of Shipment notification requirements at the Distribution Offices servicing the Marine Corps units we visited (Camp Lejuene, NC and Camp Pendleton, CA). We assessed select transportation controls over 118 judgmentally selected small arms shipments shipped from March 2010 through September 2010. For Camp Pendleton, we reviewed ten shipments that were selected from the I Marine Expeditionary Force intransit listings that we downloaded from the Small Arms Registry for the months of May and August 2010. These intransit listings contained a total of 754 intransit documents, which we narrowed down to include only the 350 documents that applied to Camp Pendleton activities. Since a single shipment, transfer, or movement may contain multiple intransit documents, we then worked with Distribution Office personnel to identify the 10 physical shipments for review (eliminating local transfers and movements due to deployments). These 10 shipments were selected because the weapons were shipped via commercial carriers or the U.S. Post Office. For Camp Lejuene, we reviewed all 108 shipments shown on a listing of incoming small arms shipments provided by Camp Lejuene Distribution Office personnel for the period of March 2010 through September 2010. The small arms listings were maintained by

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20 This documentation included shipping and receiving documents, ordnance custody receipts, and unit letters of transmittal supporting transfers and deployments.
21 Multiple intransit documents may be contained in a single shipment bill of lading, local transfer, or movement due to deployments.
Distribution Office personnel who logged shipping information and discrepancies identified with the 108 small arms shipments received from other shipping activities. We reviewed Reports of Shipments, Bills of Lading, and Transportation Discrepancy Reports to assess compliance with Defense Transportation Regulation requirements. We held discussions with Distribution Office and Tracking System personnel, as well as with Headquarters Marine Corps, Installations and Logistics personnel.

As discussed above, we gathered data from the field-level systems for each activity visited and performed limited reconciliation testing against the data in the Marine Corps Small Arms Registry system to verify the reliability as it was related to the scope of this audit, and we found the data sufficient for our purposes. A validation of the reliability of each Marine Corps, Defense Transportation Tracking, and Naval Surface Warfare Center, Crane, IN systems’ hardware and software was not within the scope of this audit.

Within the last 5 years, Naval Audit Service issued three audit reports addressing Marine Corps small arms. The first audit report, N2008-0008 (published 23 November 2007), “Marine Corps Small Arms,” covered inadequate controls over Marine Corps small arms in-transit shipping transactions. We performed a followup audit of the delinquent in-transit shipment issues and published audit report N2010-0017, “Followup on Internal Controls for Marine Corps Small Arms Shipments,” on 17 March 2010. We performed a limited followup of audit report N2010-0017 during this audit by reviewing the selected units’ timeliness in reporting small arms gains and losses to the Registry. In addition, as discussed in the Finding 1, “Audit Results” section, we asked Marine Corps personnel if Marine Corps Order 8300.1C, “Marine Corps Serialized Control of Small Arms System,” dated 27 March 1984, was revised to clarify unit notification requirements to the Marine Corps Small Arms Registry of small arms shipments and receipts. In response to the audit report N2010-0017 results, the Commandant of the Marine Corps concurred with our recommendation to revise the subject order.

Also, on 30 September 2009, we published audit report N2009-0005, “Allowance, Inventory, and Maintenance Production of Marine Corps Small Arms.” This report covered small arms allowances and inventories, and the maintenance of these inventories. During the audit, we identified multiple differences between reported requirements, and in authorized, allowance, and on-hand quantities, among the Marine Corps readiness and accountability reports. Our report is a followup of this report with respect to identifying the reasons for the differences found between the readiness and accountability reports.

As the III Marine Expeditionary Force prepares to relocate to Guam from Okinawa, Japan, accountability of equipment, such as small arms, is essential to ensure warfighter readiness. Therefore, the Department of Defense, Office of Inspector General conducted an audit to determine the accuracy of the Marine Corps Small Arms Registry data. Specifically, they reviewed controls over weapons held at 22 III Marine Expeditionary Force activities relocating as part of the Defense Posture Review Initiative. The 22 III Marine Expeditionary Force activities in Okinawa, Japan were accountable for
21,581 small arms. The Office of Inspector General performed three tests to determine the accuracy of the Registry small arms data: record-to-floor testing for 2,534 small arms; floor-to-record testing for 404 small arms; and a reconciliation of the Registry and field-level systems data. With our audit including I Marine Expeditionary Force, II Marine Expeditionary Force, Training, and Reserves, collectively, we have a comprehensive review of small arms accountability Marine Corps-wide.
Exhibit C: Activities Visited and/or Contacted

- Headquarters Marine Corps, Installations and Logistics (Logistics Plans, Policies, and Strategic Mobility Division)
- Headquarters Marine Corps, Plans, Policies, and Operations (Physical Security Branch)
- Marine Corps Logistics Command
- Marine Corps Systems Command
- Marine Forces Pacific
- Marine Forces Command
- Marine Forces Reserve Command
  - Fourth Tank Battalion *
- Training and Education Command
  - School of Infantry, West *
- I Marine Expeditionary Force *
  - 1st Combat Engineer Battalion *
  - 7th Engineer Support Battalion *
  - 3rd Marine Aircraft Wing *
    - Marine Aircraft Group 11 *
- II Marine Expeditionary Force *
  - 2nd Reconnaissance Battalion *
  - 2nd Maintenance Battalion *
  - 2nd Marine Aircraft Wing *
    - Marine Wing Support Squadron 271 *
- Naval Surface Warfare Center, Crane Division
- Marine Corps Base Camp Pendleton, Logistics Division
- Marine Corps Base Camp Pendleton, Distribution Management Office *
- Marine Corps Base Camp Lejeune, Distribution Management Office *

*Activities Visited
Exhibit D:

DoD Inspector General Report
D-2011-060, dated 22 April 2011

Marine Corps Inventory of Small Arms Was Generally Accurate but Improvements Are Needed for Related Guidance and Training
Additional Information and Copies
To obtain additional copies of this report, visit the Web site of the Department of Defense Inspector General at http://www.dodig.mil/audit/reports or contact the Secondary Reports Distribution Unit at (703) 604-8937 (DSN 664-8937) or fax (703) 604-8932.

Suggestions for Audits
To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing by phone (703) 604-9142 (DSN 664-9142), by fax (703) 604-8932, or by mail:

ODIG-AUD (ATTN: Audit Suggestions)
Department of Defense Inspector General
400 Army Navy Drive (Room 801)
Arlington, VA 22202-4704

Acronyms and Abbreviations
ATLASS  Asset Tracking Logistics and Supply System
CMR    Consolidated Memorandum Receipt
DPRI   Defense Posture Review Initiative
MCO    Marine Corps Order
MEF    Marine Expeditionary Force
MEU    Marine Expeditionary Unit
MSI    Monthly Serialized Inventory
SASSY  Supported Activities Supply System
MEMORANDUM FOR COMMANDANT OF THE MARINE CORPS
NAVAL INSPECTOR GENERAL

April 22, 2011

SUBJECT: Marine Corps Inventory of Small Arms Was Generally Accurate but Improvements Are Needed for Related Guidance and Training (Report No. D-2011-060)

We are providing this report for your information and use. The 22 Ill Marine Expeditionary Force activities in Okinawa, Japan, were accountable for 21,581 small arms. The Ill Marine Expeditionary Force small arms Registry data were generally accurate, but the Marine Corps could improve its small arms accountability process. Improving accountability will decrease vulnerabilities to theft or loss of small arms. We considered management comments on a draft of this report when preparing the final report.

Comments on the draft of this report conformed to the requirements of DoD Directive 7050.3 and left no unresolved issues. Therefore, we do not require any additional comments.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 697-5868 (DSN 329-5868).

[Robert C. Dodson, Assistant Inspector General]
Financial Management and Reporting
Results in Brief: Marine Corps Inventory of Small Arms Was Generally Accurate but Improvements Are Needed for Related Guidance and Training

What We Did
As III Marine Expeditionary Force (MEF) prepares to relocate to Guam from Okinawa, Japan, accountability of equipment, such as small arms, is essential to ensure warfighter readiness. Our overall objective was to determine the accuracy of the Marine Corps Small Arms Registry (Registry) data. Specifically, we reviewed controls over weapons held at 22 III MEF activities relocating as part of the Defense Posture Review Initiative (DPRI).

The 22 III MEF activities in Okinawa, Japan were accountable for 21,581 small arms. We performed three tests to determine the accuracy of the Registry small arms data: record-to-floor testing for 2,534 small arms, floor-to-record testing for 404 small arms, and a reconciliation of the Registry and field-level systems data.

What We Found
The III MEF small arms Registry data were generally accurate, but the Marine Corps could improve its small arms accountability process. During the record-to-floor testing, personnel at the 22 III MEF activities were able to account for the 2,534 small arms we reviewed. However, during floor-to-record testing, six small arms at three activities were on the floor but not assigned to those activities in the Registry. We also identified 1,080 discrepancies between the Registry and the activities’ field-level systems during reconciliation. Inaccurate record maintenance occurred because Marine Corps:

- small arms accountability and security guidance was incomplete and inconsistent, and
- personnel did not receive adequate training to maintain small arms in compliance with accountability requirements.

Improving accountability will decrease vulnerabilities to theft or loss of small arms.

What We Recommend
The Deputy Commandant, Installations and Logistics, should:

- update Marine Corps Order 8300.1C to include additional guidance for small arms accountability, and
- establish a training program for small arms accountability.

The Deputy Commandant, Plans, Policies, and Operations, should:

- update small arms accountability guidance in Marine Corps Order 5530.14A, and
- establish a training program for small arms physical security.

Management Comments and Our Response
The Deputy Commandant for Programs and Resources responded for the Deputy Commandant, Installations and Logistics, and the Deputy Commandant, Plans, Policies, and Operations. The guidance will be updated and training will be provided. The comments are responsive, and we do not require additional comments. Please see the recommendations table on the back of this page.

**Recommendations Table**

<table>
<thead>
<tr>
<th>Management</th>
<th>Recommendations Requiring Comment</th>
<th>No Additional Comments Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Commandant, Installations and Logistics</td>
<td></td>
<td>1.a (1), 1.a (2), and 1.b</td>
</tr>
<tr>
<td>Deputy Commandant, Plans, Policies, and Operations</td>
<td></td>
<td>2.a and 2.b</td>
</tr>
</tbody>
</table>
Table of Contents

Introduction 1

Audit Objectives 1
Background on DPRI and Small Arms Accountability 1
Internal Control Weaknesses in Small Arms Guidance 2

Finding. Marine Corps Could Improve Its Small Arms Accountability 4

Determining the Accuracy of Small Arms Data 4
Reviewing the Guidance for Completeness, Compliance, and Consistency 6
Conclusion 8
Recommendations, Management Comments, and Our Response 9

Appendices 11

A. Scope and Methodology 11
   Prior Audit Coverage 12
B. Statistical Sample 14

Management Comments 15

Marine Corps 15
Introduction

Audit Objectives

Our objective was to determine the accuracy of the Marine Corps Small Arms Registry (Registry) data. Specifically, we reviewed controls over weapons held at 22 III Marine Expeditionary Force (MEF) activities relocating as part of the Defense Posture Review Initiative (DPRI). See Appendix A for a discussion of our scope and methodology and prior coverage related to the objective. See Appendix B for a description of our statistical sampling methodology.

Background on DPRI and Small Arms Accountability

The DPRI established a framework for the future U.S. force structure in Japan to reduce the burden of the U.S. military presence on Japanese communities while maintaining a continuing presence of U.S. forces in the region. According to the “Agreement Between the Government of the United States of America and the Government of Japan Concerning the Implementation of the Relocation of III Marine Expeditionary Force Personnel and Their Dependents from Okinawa to Guam,” February 17, 2009, DoD plans to move approximately 8,000 III MEF personnel and their estimated 9,000 dependents from Okinawa, Japan, to Guam. As III MEF prepares for the relocation, accountability of equipment such as small arms is essential to ensure warfighter readiness.

III Marine Expeditionary Force

The mission of III MEF is to maintain a forward presence in Japan supporting the “Treaty of Mutual Cooperation and Security between Japan and the United States of America,” January 19, 1960, and other alliance relationships in the Asia-Pacific region. III MEF marines and sailors conduct combat operations and humanitarian assistance and disaster relief missions. The majority of III MEF forces are located on Okinawa, Japan.

Small Arms Accountability

The Marine Corps Order (MCO) 8300.1C, “Marine Corps Serialized Control of Small Arms System,” provides guidance on life-cycle serial number control over all Marine Corps small arms. Small arms are defined as handguns, shoulder-fired weapons, light automatic weapons through heavy machine guns, including .50 caliber machine guns; anti-tank missile launchers; mortars (up to and including 81mm); man-portable rocket launchers; grenade launchers; and individually operated weapons that are portable or can be fired without special mounts or firing devices. Small arms require a high degree of protection and control. Accurate small arms data are required to maintain accountability. As of April 2010, the 22 III MEF activities were accountable for 21,581 small arms.

Marine Corps Small Arms Registry

The Registry maintains records by serial number for all small arms within the Marine Corps. When activities report transfers of small arms in a timely and accurate manner, the Registry provides visibility of Marine Corps small arms from the time of receipt until disposal. The
Crane Division, Naval Surface Warfare Center, maintains the Registry, which is independent of the Marine Corps small arms field-level systems.

**Marine Corps Small Arms Field-Level Systems**

The Supported Activities Supply System (SASSY) is the intermediate-level system used to maintain accountability and visibility of inventories and requisitions within III MEF. SASSY relies on the Asset Tracking Logistics and Supply System (ATLASS) for unit-level information. ATLASS is the Marine Corps’ integrated supply, maintenance, and material readiness system for supporting asset management. ATLASS maintains accountable records, including the serial numbers of Marine Corps small arms. ATLASS generates the Consolidated Memorandum Receipt (CMR), which is a listing of an activity’s equipment, including small arms. In March 2010, III MEF began implementing the Global Combat Support System—Marine Corps. When fully implemented, the system will provide a shared data environment to replace a number of legacy systems, including SASSY and ATLASS.

**Marine Corps Small Arms Policies**

The Headquarters, Marine Corps, Deputy Commandant, Plans, Policies, and Operations, prescribed in MCO 5530.14A, “Marine Corps Physical Security Program Manual,” June 5, 2009, standards and procedures for protection against loss or theft of arms, ammunition, and explosives at Marine Corps activities. These standards promote attitudes and habits conducive to maintaining good security practices and eliminating existing or potential causes of security breaches and vulnerabilities. The procedures include the performance of physical security surveys and Monthly Serialized Inventories (MSIs).


**Internal Control Weaknesses in Small Arms Guidance**

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses related to noncompliance with small arms accountability guidance. We also identified internal control
weaknesses related to inconsistent and incomplete small arms accountability and security guidance. Implementing all recommendations in this report will improve the internal controls over the administration of the small arms program. We will provide a copy of the report to the senior officials responsible for internal controls within the Marine Corps.
Finding. Marine Corps Could Improve Its Small Arms Accountability

The III MEF small arms Registry data were generally accurate, but the Marine Corps could improve its small arms accountability process. Although personnel at the 22 III MEF activities were able to account for the 2,534 small arms, we reviewed during record-to-floor testing, we identified:

- 6 small arms at 3 activities that were on the floor but not recorded in the Registry for those activities, and
- 1,080 discrepancies between the Registry and the III MEF field-level systems.

Inaccurate record maintenance occurred because Marine Corps small arms accountability and security guidance was incomplete and inconsistent. Also, Marine Corps personnel did not receive adequate training to maintain small arms in accordance with accountability requirements. Improving accountability will decrease vulnerabilities to theft or loss of small arms.

Determining the Accuracy of Small Arms Data

We performed three types of testing to determine the accuracy of the Registry small arms data. Specifically, we performed record-to-floor testing to verify the existence of 2,534 small arms across the 22 III MEF activities. Record-to-floor testing is a comparison of the data in the information system to the items on-hand in the activity's armory. We also performed floor-to-record testing for a nonstatistical sample of 404 small arms to determine the completeness of the small arms data. Floor-to-record testing is a comparison of the items in the activity's armory to the data recorded in the information system. Finally, we performed a reconciliation of the small arms data in the Registry and III MEF field-level systems for each activity. Reconciliation is a comparison of data recorded in one system for a specific activity to data recorded in another system for that same activity.

Verification of Small Arms Existence

During the record-to-floor testing, personnel at the 22 III MEF activities were able to account for the 2,534 small arms we reviewed. We verified the existence of 2,534 small arms by either observing each weapon or reviewing documentation justifying why the weapon was not in the armory.

We verified the existence of 2,534 small arms by either observing each weapon or reviewing documentation justifying why the weapon was not in the armory. This documentation included shipping and receiving documents, ordnance custody receipts, unit letters of transmittal, signed CMRs for small arms held at other locations, and travel orders that included the specific small arms issued to deployed Marines.

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1 These weapons were a statistical sample of 2,231 small arms plus an additional 303 small arms at one activity. See Appendix B for a discussion of the sampling methodology.
Incomplete Small Arms Data

During the floor-to-record testing at 21 activities, we verified that 398 small arms were accurately recorded in the Registry. However, we identified 6 small arms at 3 activities that were on the floor but not recorded in the Registry for those activities. Specifically, we identified two weapons at the Marine Aircraft Group 36 armory, three weapons at the Combat Logistics Regiment 3 armory, and one weapon at the 3rd Reconnaissance Battalion armory that were not included in the Registry for those activities. In addition, the five small arms at Marine Aircraft Group 36 and Combat Logistics Regiment 3 armories were also not included in the activities’ field-level system. The data were incomplete because the small arms accountability and security guidance was incomplete. Also, Marine Corps personnel did not receive adequate training to maintain small arms in compliance with accountability requirements. The incomplete data could result in a loss of visibility over the small arms, which would increase their vulnerability to theft or loss during the relocation.

Small Arms Data Discrepancies

The Marine Corps did not maintain accurate records for their small arms at 14 of 22 activities. We identified 1,080 discrepancies between the Registry and the III MEF field-level systems during reconciliation of more than 21,000 small arms. At 10 of the 22 activities, we identified 673 small arms that were recorded in the field-level systems but not assigned to the activity in the Registry. For example, III MEF Headquarters Group received 49 small arms on January 23, 2010. The III MEF Headquarters Group recorded the small arms accurately in the field-level system; however, they did not report the receipt of these small arms to the Registry until April 2010 when we informed them of the discrepancy. Conversely, we identified 407 small arms at 12 of the 22 activities, that were assigned to the activity in the Registry but not included in the activity’s field-level system. Inaccurate record maintenance occurred because the small arms accountability and security guidance was inconsistent. In addition, Marine Corps personnel did not receive adequate training to maintain small arms in accordance with accountability requirements. Marine Corps personnel who use inconsistent guidance or do not receive the proper training are more likely to maintain inaccurate small arms records, leading to discrepancies between the systems. These discrepancies may increase the vulnerability of small arms to theft or loss.

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2 We did not perform floor-to-record testing for Combat Logistics Regiment 35 because III MEF personnel were unable to distinguish which Combat Logistics Regiment 35 units were going to relocate under DPRI. Therefore, at the Combat Logistics Regiment 35, we reviewed the entire universe of 319 small arms during record-to-floor testing to ensure full coverage.
Table 1 summarizes the discrepancies between the field-level systems and the Registry data for the small arms we reviewed at 22 III MEF activities.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Field-Level System Data Not in Registry</th>
<th>Registry Data Not in Field-Level System</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd Marine Division</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>3rd Battalion, 12th Marine Regiment</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>3rd Maintenance Battalion</td>
<td>216</td>
<td>5</td>
</tr>
<tr>
<td>3rd Medical Battalion</td>
<td>146</td>
<td>18</td>
</tr>
<tr>
<td>3rd Reconnaissance Battalion</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>3rd Supply Battalion</td>
<td>201</td>
<td>187</td>
</tr>
<tr>
<td>5th Air-Naval Gunfire Liaison Company</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7th Communication Battalion</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9th Engineer Support Battalion</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>12th Marine Regiment</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Combat Assault Battalion</td>
<td>5</td>
<td>30</td>
</tr>
<tr>
<td>Combat Logistics Regiment 3</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Combat Logistics Regiment 35</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Combat Logistics Regiment 37</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>III MEF Headquarters Group</td>
<td>55</td>
<td>133</td>
</tr>
<tr>
<td>Marine Air Control Squadron 4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marine Air Support Squadron 2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marine Aircraft Group 36</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marine Tactical Air Command Squadron 18</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marine Wing Communication Squadron 18</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marine Wing Headquarters Squadron 1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Marine Wing Support Squadron 172</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>673</strong></td>
<td><strong>407</strong></td>
</tr>
</tbody>
</table>

**Reviewing the Guidance for Completeness, Compliance, and Consistency**

*Small Arms Accountability and Security Guidance Was Incomplete*

Our floor-to-record testing showed that small arms data in the Registry and field-level systems were incomplete. This occurred because the Marine Corps small arms accountability and security guidance was incomplete.
MCO 5530.14A provides no guidance for maintaining control and visibility of small arms that are stored in an activity’s armory but not included in the activity’s CMR and Registry data. Specifically, MCO 5530.14A does not require MSIs to identify when small arms are on-hand but not listed on the CMR. In addition, MCO 5530.14A does not provide procedures for the control of small arms owned by one activity and being stored in another activity’s armory.

For example, at one activity, we identified two small arms in the armory that were not included in the CMR or Registry data for the activity. Activity personnel stated that these two small arms in the armory were part of an entire rack of small arms belonging to a Marine Expeditionary Unit (MEU). However, the activity could not provide documentation that these small arms were approved to be stored in the activity’s armory. In addition, neither the activity nor the MEU performed MSIs to account for these small arms.

If MCO 5530.14A provided procedures to document and account for all small arms maintained in an activity’s armory, the activity could have detected the incomplete small arms data and prevented the loss of visibility over the MEU’s small arms.

**Personnel Did Not Always Comply With Small Arms Guidance**

Marine Corps personnel did not receive adequate training to maintain small arms in compliance with accountability requirements. III MEF officials stated they were aware of issues with record retention of small arms documentation. They stated Marine Corps personnel responsible for small arms accountability may be inexperienced and unfamiliar with all of the responsibilities outlined in small arms accountability guidance.

MCO 8300.1C states that Marine Corps activities possessing small arms are required to report the serial numbers of those small arms to the Registry. Marine Corps activities are also required to notify the Registry daily about small arms transfers. However, we identified instances where supply personnel did not report transfers of small arms, as required. For example, a pistol was shipped to Quantico, Virginia, for disposition on February 17, 2010. However, the activity did not report the shipment to the Registry until we notified the activity of the issue on April 13, 2010.

In addition, Marine Corps Users Manual 4400-124 guidance states that the responsible personnel must ensure that the field-level system records are kept current daily. However, we identified instances where supply personnel did not record transfers of small arms, as required. For example, supply personnel at some activities were not processing small arms transfers as they occurred. The supply personnel thought small arms should not be removed from the field-level system until the small arms were reassigned to another activity within the Registry. Although small arms accountability procedures for recording transactions were in place, the accountability...

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3 A MEU is an activity consisting of Marines temporarily assigned from their parent activities, with the ability to rapidly organize for combat operations. Marines assigned to a MEU are required to bring small arms from their parent activity.
of small arms could be improved if the personnel accountable for small arms received training on a routine basis.

**Small Arms Guidance Was Inconsistent**

The Marine Corps small arms accountability and security guidance was inconsistent. During reconciliation, we identified incomplete and inaccurate data. Specifically, MCO 8300.1C, MCO 5530.14A, and Marine Corps Bulletin 4440 instruct personnel to use different asset listings and different frequencies for performing serialized inventories of small arms. Table 2 identifies the different asset listings and inconsistencies in the guidance for performing serialized inventories.

<table>
<thead>
<tr>
<th>Guidance</th>
<th>Use CMR*</th>
<th>Use Registry</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>MCO 8300.1C</td>
<td>X</td>
<td></td>
<td>Cyclic</td>
</tr>
<tr>
<td>MCO 5530.14A</td>
<td></td>
<td>X</td>
<td>Monthly</td>
</tr>
<tr>
<td>Marine Corps Bulletin 4440</td>
<td>X</td>
<td>X</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

*The CMR is a report generated from the field-level systems

Because of the inconsistent guidance, some III MEF activities provided instructions to perform the inventory using only the CMR, while others provided instructions to use only the Registry, and still others provided instructions to use both. As a result, some activities did not detect all discrepancies between the field-level system and the Registry. If the guidance had been consistent and personnel at the activities had provided instructions to perform inventories using both the Registry and CMR, they could have detected the incomplete and inaccurate small arms data.

If the guidance had been consistent and personnel at the activities had provided instructions to perform inventories using both the Registry and CMR, they could have detected the incomplete and inaccurate small arms data.

Installations and Logistics, and Deputy Commandant, Plans, Policies, and Operations, should ensure consistency among MCOs 8300.1C and 5530.14A and Marine Corps Bulletin 4440. In addition, personnel accountable for small arms should be trained on the updated guidance.

**Conclusion**

The Marine Corps small arms accountability and security guidance was incomplete and inconsistent. In addition, Marine Corps personnel did not receive adequate training to maintain small arms in compliance with small arms accountability requirements. These internal control weaknesses increase the risk that incomplete and inaccurate small arms data will go undetected. Accurate data are required to maintain accountability and visibility over small arms. Without proper accountability and visibility over small arms, warfighter readiness could be negatively impacted, and small arms could become vulnerable to security breaches, including theft or loss.
Recommendations, Management Comments, and Our Response

1. We recommend that the Deputy Commandant, Installations and Logistics:

   a. Update Marine Corps Order 8300.1C to include additional guidance for small arms accountability. Specifically, the guidance should include:

      (1) Procedures to account for all small arms in the activity’s armory, Marine Corps Small Arms Registry, and field-level system while conducting Monthly Serialized Inventories.

      (2) Procedures to account for small arms stored in an activity’s armory that are assigned to a different activity.

   Marine Corps Comments
   The Deputy Commandant for Programs and Resources responded for the Deputy Commandant, Installations and Logistics. He agreed and stated that the Marine Corps would incorporate the information into Marine Corps Order 8300.1C, which was scheduled to be published in April 2011. The Deputy Commandant stated that the Marine Corps will provide an interim status report by May 31, 2011, on corrective actions taken.

   b. Establish a training program to ensure that personnel accountable for small arms are routinely trained on small arms accountability guidance.

   Marine Corps Comments
   The Deputy Commandant for Programs and Resources responded for the Deputy Commandant, Installations and Logistics. He agreed and stated that the Marine Corps would establish an appropriate training program by March 31, 2011. The Deputy Commandant stated that the Marine Corps will provide an interim status report by April 30, 2011, on corrective actions taken.

2. We recommend that the Deputy Commandant, Plans, Policies, and Operations:

   a. Update the small arms accountability guidance in Marine Corps Order 5530.14A consistent with Marine Corps Bulletin 4440 and the updates to Marine Corps Order 8300.1C.
**Marine Corps Comments**  
The Deputy Commandant for Programs and Resources responded for the Deputy Commandant, Plans, Policies, and Operations. He agreed and stated that the Marine Corps would incorporate the information into Marine Corps Order 8300.1C, which was scheduled to be published in April 2011. He also stated that the small arms accountability guidance in Marine Corps Order 5530.14A would be updated by the 2nd Quarter of FY 2012 to be consistent with Marine Corps Bulletin 4440 and Marine Corps Order 8300.1C. The Deputy Commandant stated that the Marine Corps will provide an interim status report by May 31, 2011, on corrective actions taken.

b. Establish a training program to ensure that personnel accountable for small arms are routinely trained on small arms physical security guidance.

**Marine Corps Comments**  
The Deputy Commandant for Programs and Resources responded for the Deputy Commandant, Plans, Policies, and Operations. He agreed and stated that the Marine Corps would establish an appropriate training program by March 31, 2011. The Deputy Commandant stated that the Marine Corps will provide an interim status report by April 30, 2011, on corrective actions taken.

**Our Response**  
The Deputy Commandant for Programs and Resources comments are responsive, and the actions meet the intent of the recommendations.
Appendix A. Scope and Methodology

We conducted this performance audit from February 2010 through February 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

To determine the accuracy of the Registry data as a gauge of the effectiveness of internal controls over small arms held at activities relocating from Okinawa to Guam as part of the DPRI, we reviewed the Marine Corps’ process for safeguarding and accounting for small arms. The Registry included a universe of 21,581 small arms stored at 22 III MEF activities relocating as part of DPRI. We used statistical sampling to determine the accuracy of the small arms Registry data. (See Appendix B for a discussion of the statistical sample.) We used nonstatistical sampling to determine the accuracy of the small arms data in the field-level systems and Registry. To accomplish the audit objective, we did the following.

- We reviewed small arms regulations and interviewed officials from Headquarters, Marine Corps; Crane Division, Naval Surface Warfare Center, and armories and supply offices for the following 22 III MEF activities on Okinawa, Japan, to identify the Marine Corps’ process for accounting for and safeguarding small arms.

  | 3rd Marine Division | Combat Logistics Regiment 3 |
  | Combat Logistics Regiment 35 | III MEF Headquarters Group |
  | 3rd Battalion, 12th Marine Regiment | Marine Air Control Squadron 4 |
  | Combat Logistics Regiment 37 | Marine Air Support Squadron 2 |
  | 3rd Maintenance Battalion | Marine Aircraft Group 36 |
  | 3rd Medical Battalion | Marine Tactical Air Command |
  | 3rd Reconnaissance Battalion | Squadron 18 |
  | 3rd Supply Battalion | Marine Wing Communication |
  | 5th Air-Naval Gunfire Liaison Company | Squadron 18 |
  | 7th Communication Battalion | Marine Wing Headquarters |
  | 9th Engineer Support Battalion | Squadron 1 |
  | 12th Marine Regiment | Marine Wing Support |
  | Combat Assault Battalion | Squadron 172 |
  | Combat Logistics Regiment 3 |

- We performed record-to-floor testing of small arms at 22 armories over a sample of 2,534 out of 21,581 small arms to determine the accuracy of the small arms data in the Registry.

- We performed floor-to-record testing of small arms at 21 armories by nonstatistically selecting a sample of 404 small arms to verify the accuracy and completeness of the small arms recorded in the field-level system and the Registry.
We compared the Registry and field-level system data for the 22 activities to ensure that the data were accurately recorded in both systems. When we identified a discrepancy, we requested documentation to reconcile the data.

We reviewed the physical security and internal control processes over small arms at the 22 activities located on Okinawa, Japan, to ensure that the small arms were properly safeguarded.

Delay in Acquiring Data
On February 26, 2010, we requested audit universe data from Headquarters, Marine Corps, personnel. They did not provide the data until April 7, 2010, which delayed the start of our audit fieldwork by approximately a month.

Use of Computer-Processed Data
To perform this audit, we obtained computer-processed data from the Registry for a universe of small arms held at the 22 III MEF activities under review. We determined data reliability by performing record-to-floor testing. Specifically, we either physically observed the small arms or obtained documentation, including shipping and receiving documents, ordnance custody receipts, and unit letters of transmittal, to justify why a small arm was not in the armory. We also reviewed the results of inventories and performed floor-to-record testing on nonstatistically selected items. In addition, we compared the Registry data to reports generated by the ATLASS and Global Combat Support System–Marine Corps field-level systems. Our assessment indicated that the data within the Registry were sufficiently reliable for the purpose of this audit.

Use of Technical Assistance
The DoD OIG Quantitative Methods and Analysis Division analysts provided technical assistance throughout the statistical sampling process. In support of record-to-floor testing, the Quantitative Methods and Analysis Division analysts provided a statistical sample of small arms for the 22 III MEF activities. See Appendix B for detailed information about the work performed by the Quantitative Methods and Analysis Division analysts.

Prior Audit Coverage
During the last 5 years, the Naval Audit Service has issued five reports discussing small arms accountability. Naval Audit Service reports are not available over the Internet.

Navy


Naval Audit Service Report, N2008-0047, “Department of the Navy Small Arms In-Transit Accountability,” August 27, 2008
Appendix B. Statistical Sample

Population
The universe consisted of 21,581 small arms assigned to 22 III MEF activities.

Measures
We used an attribute measure to test for existence, to determine the accuracy of the Registry data, and to determine whether the III MEF activities had adequate controls over the small arms.

Parameters
We used a 95 percent confidence interval.

Sample Plan
We used a stratified attribute sample design for this project, stratifying the population into one stratum for each of the 22 III MEF activities that were to relocate as part of the DPRI. In addition, the Quantitative Methods and Analysis Division analysts stratified the population by the type of small arms at each activity. If there were 15 or more of one type of small arms at an activity, we would randomly select samples of the small arms to test for existence for that particular type of small arm. If there were fewer than 15 of one type of small arms at an activity, we would test for the existence of 100 percent of that type of small arms. After stratifying the population by location and type of small arms, we used the random number generator in Excel to select a random sample of 2,231 small arms to test at the 22 III MEF activities.

For one activity, the III MEF personnel were unable to distinguish which units were going to relocate under DPRI. Therefore, instead of reviewing the sampled 56 small arms for this location, we reviewed the entire universe of 359 small arms to ensure full coverage. This increased our sample size to a total of 2,534 small arms.

Analysis and Interpretation
The Quantitative Methods and Analysis Division analysts did not project the results because the audit team did not find any missing weapons.
Marine Corps Comments

From: Comanent of the Marine Corps

DEPARTMENT OF THE NAVY
HEADQUARTERS, UNITED STATES MARINE CORPS
3800 MARINE CORPS POSTAL
WASHINGTON, DC 20380-6000


Ref: (a) DODIG memo of February 10, 2011

Body:
1. Official responses required by the reference are provided at the conclusion.

2. Enclosure (It was coordinated with Headquarters, U. S. Marine Corps, Programs & Resources; Installations & Logistics; Plans, Policies, & Operations; Marine Corps Logistics Command; and Marine Corps Forces Pacific.

3. The Marine Corps will provide DODIG an interim status report on corrective actions taken for recommendations 1.a and 2.a by 30 April 2011; and for recommendations 1.c and 2.c by 31 May 2011.

4. The Marine Corps appreciates the opportunity to respond to the report.

5. If you have any questions about the response, please contact [Redacted] for Programs and Resources

Copy to:

[Redacted] (NA)

[Redacted]
LOGISTIC PLANS, POLICIES AND STRATEGIC MOBILITY DIVISION COMMENTS ON
Programs and Resources Management (PRM) Audit and Review Branch, request for
response to recommendations listed in Draft Report No. D20419-0800/PC-01753-000

Para: DENYED FOR DISTRIBUTION TO THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL
AUDIT COUNCIL REPORT DODIG-0800/PC-01913-000, "MARINE CORPS SUPPLY DEPARTMENT,
MARINE CORPS BASE CAMP PENDLETON"

Ref: (a) NAV 7410.38

1. The subject report recommends that the Deputy Commandant, Installations and Logistics:

   a. Update Marine Corps Order 5893.25 to include additional guidance for
      small arms accountability. Specifically, the guidance should include:
      (1) Procedures to account for all small arms in the activity's
          arsenal, Marine Corps Small Arms Registry, and field-test system while
          conducting monthly serialized inventories.
      (2) Procedures to account for small arms stored in an activity's
          arsenal that are assigned to a different activity.

   b. Establish a training program to ensure that personnel accountable
      for small arms are routinely trained on small arms accountability

CNC response to Recommendation 1.a. C1/ER. Recommendations have been
incorporated into the revision of NAV 5893.25, which is currently under
review and pending signature. Estimated date for publication is Apr 2011.

Additionally, the Physical Security Manual (PHM) 5303.14A is under review and
projected to be published during 3rd Quarter of FLL.

CNC response to Recommendation 1.b. C1/ER. Currently, the Field Supply &
Maintenance Analysis Office (FSMAO) provides additional, on-site training.
1st Department will coordinate with Physical Security Division (PSD), domain
house personnel, PHM and SU Inspector teams, to establish a training
program to ensure that personnel accountable for small arms are routinely
trained on small arms physical security guidance. Course of action will be
provided to FLL in March 2011.

2. Recommend that the Deputy Commandant, Plans, Policies and Operations:

   a. Update the small arms accountability guidance in Marine Corps
      Order 5893.14A consistent with Marine Corps Bulletin 4441 and the update to Marine
      Corps Order 5893.25.

   b. Establish a training program to ensure personnel accountable for
      small arms are routinely trained on small arms physical security guidance.

CNC response to Recommendation 2.a. C1/ER. Recommendations have been
incorporated into the revision of NAV 5893.14A, which is currently under
review and pending signature. Estimated date for publication is Apr 2011.
Appendix:

Management Response from the Commandant of the Marine Corps
NAS recommends that the Commandant of the Marine Corps:

**RECOMMENDATION 1:** Require Deputy Commandant, Installations and Logistics to establish and promulgate guidance specifying that units’ Arms, Ammunition, and Explosives Officers are to conduct, at a minimum, quarterly inspections of the units’ compliance (armory security and accountability controls) with Marine Corps policy requirements, and report findings and corrective actions to the units’ commanding officers.

**USMC RESPONSE:** Concur. The revision to MCO 5530.14A will reflect additional guidance to ensure that physical security surveys require a formal endorsement, detailing corrective actions to security discrepancies and deficiencies within 30 days. Further guidance will direct Commanders to promulgate policy for unit commanding officers to provide quarterly reports and updates to the Physical Security Council. Estimated completion date is 31 March 2012.

**RECOMMENDATION 2:** Require Deputy Commandant, Installations and Logistics to take action to ensure that units’ commanding officers are held accountable for repeated noncompliance with Marine Corps small arms physical security and accountability control policies, as identified by the units’ Arms, Ammunition, and Explosives Officers’ quarterly inspections.

**USMC RESPONSE:** Concur. Currently, the Field Supply and Maintenance Analysis Offices (FSMAO), require the Commanding Officer to submit a letter of corrective actions taken when noncompliance with Marine Corps small arms physical security and accountability policies is found. Additionally, the revision to MCO 5530.14A will reflect additional guidance to ensure that physical security surveys require a formal endorsement, detailing corrective action to security discrepancies and deficiencies within 30 days. Further guidance will direct Commanders to promulgate policy for
unit commanding officers to provide quarterly reports/updates to the Physical Security Council. Estimated completion date is 31 March 2012.

**RECOMMENDATION 3:** Require Deputy Commandant, Installations and Logistics to take action to ensure that units maintain demilitarization certificates on-site for museum and trophy small arms that are on display as required by Marine Corps Order 5530.14A. If demilitarization certificates are not on-hand, instruct units to secure the small arms in their armories until they obtain the required demilitarization certificates.

**USMC RESPONSE:** Concur. Draft MCOs P4400.150 and 8300.1 have been updated to include guidance for obtaining demilitarization certificates when reporting museum and trophy weapons. Additionally, the revision to MCO 5530.14A shall direct Commanding Officers to notify the Provost Marshal or Chief of Police of all trophy weapons, their location, and copies of proof of demilitarization. This notification will be required as long as the weapon is maintained aboard the installation. Estimated date for publication of MCOs P4400.150 and 8300.1 is 31 December 2011. Estimated date for completion of revision to MCO 5530.14A is 31 March 2012. Estimated completion date of full corrective actions in response to recommendation no. 3 is 31 March 2012.

**RECOMMENDATION 4:** Require Deputy Commandant, Installations and Logistics to take action to ensure that units’ local policies reflect the requirements of Marine Corps Order 5530.14A. If local policies are outdated, instruct units to update their policies to reflect the requirements of Marine Corps Order 5530.14A and, until the policies are updated, require units to issue interim guidance on Marine Corps Order 5530.14A requirements not reflected in the outdated policies.

**USMC RESPONSE:** Concur. Field Supply and Maintenance Analysis Offices (FSMAO) and the Marine Corps Inspector General’s inspection team currently review unit standard operating procedures (SOPs). The revision of MCO 5530.14A will reflect additional guidance to ensure that physical security surveys require a formal endorsement, detailing corrective actions to security discrepancies and deficiencies within 30 days. Further guidance will direct Commanders to promulgate policy for unit commanding
officers to provide quarterly reports and updates to the Physical Security Council. Estimated completion date is 31 March 2012.

**RECOMMENDATION 5:** Enhance controls and oversight, and provide training, to ensure that Marine Corps Distribution Management Offices (including Defense Logistics Agency-run Distribution Management Offices under support agreements with Marine Corps Logistics Command) are complying with Defense Transportation Regulation requirements for sending Reports of Shipment, entering and confirming shipments in the Defense Transportation Tracking System and submitting transportation/ discrepancy reports when shipping units have not complied with requirements.

**USMC RESPONSE:** Concur. Headquarters Marine Corps will release guidance to all Marine Corps Distribution Management Offices reiterating the Defense Transportation Regulation (DTR) requirements for releasing a Report of Shipment (REPSHIP) for shipments entering the Defense Transportation Tracking System (DTTS), verifying that shipment information is resident and transmitted in DTTS and submitting Transportation Discrepancy Reports (TDRs) when REPSHIPS are not issued. Guidance will be released by official Naval message before the end of FY 11. Additionally, REPSHIP and TDR requirements will be discussed during the annual Marine Corps Distribution Management Officers training conference to be held in March 2012. Estimated completion date is 31 March 2012.

**RECOMMENDATION 6:** Establish controls and provide oversight to ensure that the Marine Corps Logistics Command holds Defense Logistics Agency (DLA) run Distribution Management Offices on Marine Corps bases accountable under the support agreement for noncompliance with Defense Transportation Regulation requirements.

**USMC RESPONSE:** Concur. Headquarters Marine Corps and Marine Corps Logistics Command will work with Headquarters DLA, their Defense Distribution Center (New Cumberland, PA), and the Distribution Management Office, Albany, GA during Sept 2011 to discuss the support agreement and courses of action to ensure the necessary controls are in place to comply with DTR requirements. Estimated completion date is 31 October 2011.
RECOMMENDATION 7: Promulgate clarification guidance to Marine Corps Distribution Management Office personnel that all Transportation Control numbers must be entered into the Defense Transportation Tracking System (DTTS), along with other sensitive shipment information, when manual entry is required.

USMC RESPONSE: Concur. Headquarters Marine Corps will release guidance to all Marine Corps Distribution Management Offices reiterating the Defense Transportation Regulation (DTR)/DTTS requirements to enter all Transportation Control Numbers (TCNs) on Commercial Bills of Lading into the DTTS system when making a manual entry. Guidance will be released by official Naval message before the end of FY 11. Estimated completion date is 30 September 2011.
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